SUBMITTED TO AG

Rand West City Local Municipality
(Registration number GT485)
Financial Statements
for the year ended 30 June 2018

Rand West City Local Municipality

(Registration number GT485)
Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	•Provision of a democratic and accountable local government; •Ensuring the provision of sustainable municipal services; •Promotion of social and economic development; •Promotion of a safe and healthy environment; and •Encourage the involvement of communities and organisations in the matters of local government in the Rand West City area.
Members of Council	
Executive Mayor	Cllr. M.E. Khumalo
Speaker	Cllr. V. Nqina-Mzondeki
Council Whip	Cllr. M. Jokazi
Members of Mayoral Committee	
	MMC Public Safety: Cllr. J. Legoete
	MMC Health and Social Services: Cllr. A. Gela
	MMC Environment and Waste Management: Cllr. D. Molebatsi
	MMC Finance: Cllr. T. Grobler
	MMC Human Settlement: Cllr. S. Matakane
	MMC LED: Cllr. S. Mazibuko
	MMC Corporate Support: Cllr. S. Moumakwe
	MMC Sports and Culture: Cllr. N. Dyase
	MMC Water and Sanitation: Cllr. D. Sithole
	MMC Roads and Storm Water: Cllr. G. Khoza
Councillors	Cllr. B. Matebesi (Ward 01) Cllr. M. Mtyotywa (Ward 11) Cllr. D. Machaba (Ward 12) Cllr. M. Ndamane (Ward 13) Cllr. K. Tsotetsi (Ward 14) Cllr. N. Mapena-Dlamini (Ward 15) Cllr. D. Mbulula (Ward 16) Cllr. T. Tlholoe (Ward 18) Cllr. M. Sello (Ward 19) Cllr. F. Matshogo (Ward 21) Cllr. P. Faku (Ward 22) Cllr. N. Matiwane (Ward 24) Cllr. A. Saba (Ward 25) Cllr. W. Matshaya (Ward 26) Cllr. W. Njani (Ward 28) Cllr. N. Kolo (Ward 29)

General Information

	Cllr. M. Ngamntwini (Ward 30) Cllr. S. Khenene (Ward 31) Cllr. I. Merabe (Ward 33) Cllr. N Ncele (Ward 34) Cllr. N. Baza (Ward 35) Cllr. A. Van Tonder (Ward 03) Cllr. S. Erasmus (Ward 04) Cllr. E. De Lange (Ward 06) Cllr. C. Harrison (Ward 07) Cllr. J. Beaufort (Ward 08) Cllr. P. Dick (Ward 09) Cllr. G. Samson (Ward 10) Cllr. I. Ramphore (Ward 20) Proportional Representative Councillors: Cllr. B. Mahuma Cllr. G. Kruger Cllr. E. Krog Cllr. H. Hild Cllr. D. Cloete Cllr. J. Letlhake Cllr. N. Williams Cllr. P. Mavuso Cllr. P. Francis Cllr. S. Sekhokho Cllr. J. Biyela Cllr. F. Bergman Cllr. R. Masemola Cllr. B. Munyai Cllr. A. Zingela Cllr. J. Matebesi Cllr. B. Ramaphala Cllr. M. Ramotlhale Cllr. B. Letlhake Cllr. J. Letsholo Cllr. M. Sethepo Cllr. M. Mthimkhulu Cllr. A. Mosina Cllr. M. Nkoe Cllr. C. Brough
Grading of local authority	Grade 4
Accounting Officer	T. Goba
Chief Financial Officer	B. Gunqisa
Registered office	Corner Sutherland & Pollock street Randfontein 1760

General Information

Postal address	P. O. Box 218 Randfontein 1760
Bankers	First National Bank Ltd
Auditors	Auditor General of South Africa
Attorneys	Bhika Calitz Attorneys
	Fick Attorneys
	Geldenhuys Van Ryneveld Attorneys
	Legwale Attorneys
	Malatji Attorneys
	Matseke Attorneys
	Motlatsi Seleke Attorneys
	Naidoo and Associates Incorporated
	Steyn and Steyn Attorneys
	Thaanyane Attorneys
Currency	South African Rand
Rounding off	Nearest Rand
Telephone number	011 411 0000
Fax number	011 693 1394
Website	www.randwestcity.gov.za

Rand West City Local Municipality
(Registration number GT485)
Financial Statements for the year ended 30 June 2018

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
UIF	Unemployment Insurance Fund
SPCA	Society for the Prevention of Cruelty to Animals
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
SARS	South African Revenue Services
VAT	Value Added Tax of 1991
SDL	Skills Development Levy

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial period and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

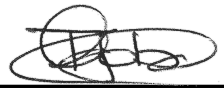
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 8 to 85, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018.



Accounting Officer
T. Goba

Randfontein

31 August 2018

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

The municipality is engaged in •provision of a democratic and accountable local government;
•ensuring the provision of sustainable municipal services;
•promotion of social and economic development;
•promotion of a safe and healthy environment; and
• encourage the involvement of communities and organisations in the matters of local government in the rand west city area
and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 154 398 766 (04 August 2016 to 30 June 2017: surplus R 26 487 991).

2. Financial sustainability

The municipality is currently faced with numerous financial problems which impact, amongst others, on its ability to meet its financial commitments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraints.

During the current financial period, the municipality experienced serious cash flow challenges. While the municipality had taken reasonable steps to ensure that all creditors were paid within 30 days, it was not able to meet this criterion. Because of this, there were some instances where the municipality incurred interest in respect of outstanding balances of creditors.

Rand West City Local Municipality has developed a financial recovery plan which seeks to address the issues that have contributed to the current situation. This plan takes a holistic approach to the organisation and was presented to and approved by the Rand West City Local Municipality Council.

The plan is for various strategies to effect the changes needed for viability and sustainability of the municipality but not all could be considered due to its' limited cash-flow and institutional capacity. In addition to this, the strategies will be balanced between short term and long term to ensure the strategies will have the greatest impact based on the resources available, financial and human resources.

3. Fruitless and wasteful expenditure

Given the current financial position of the municipality, there were instances where the municipality incurred interest due to late payment of creditor accounts. The interest incurred in this respect was unavoidable and has been disclosed in 54.

4. Irregular expenditure

The municipality embarked on an overall review of the supply chain management function with the aim to support and implement a sustainable change within supply chain management. As part of its review, management conducted a detailed review of contracts that were awarded by the municipality. This review included confirming the scope and extent of contracts that were irregular.

This has resulted in a significant increase in the reported irregular expenditure. This increase resulted from irregular expenditure emanating from contracts awarded in the prior years. See note 55 for current financial period irregular expenditure incurred.

5. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is the continued funding by National and Provincial government for operational and capital activities.

Accounting Officer's Report

6. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year.

7. Merger

Based on the ruling of the demarcation board, former Randfontein and Westonaria Local Municipalities merged to form Rand West City Local Municipality effective 04 August 2016.

In terms of this, the prior period for which the results of the merger are included in the financial statements of Rand West City Local Municipality is from 04 August 2016 to 30 June 2017.

8. Accounting policies

The financial statements were prepared in accordance with the Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

9. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is:

Name
T. Goba

10. Secretary

The Secretarial function was performed by the Department of Corporate Support Services.

11. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Executives Committee meetings and monitor the municipality's compliance with the code on a monthly basis.

12. Bankers

For the year under review, the primary bank accounts of Rand West City Local Municipality were ABSA from 01 July 2017 to 31 March 2018 and changed to FNB from 01 April 2018 to 30 June 2018.

13. Auditors

Auditor General of South Africa will continue in office for the next financial year.

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	43 051 043	127 942 966
Receivables from exchange transactions	4	148 708 606	185 196 279
Receivables from non-exchange transactions	5	79 913 146	26 717 175
Prepayments	6	1 194 756	1 013 816
Inventories	7	4 890 309	3 846 939
Long term receivables	8	1 307 795	1 435 985
Investments	9	12 957 188	-
		292 022 843	**346 153 160**
Non-Current Assets			
Long term receivables	8	1 049 201	1 261 276
Investments	9	-	12 231 316
Biological assets that form part of an agricultural activity	10	614 857	629 337
Investment property	11	239 590 271	220 777 765
Property, plant and equipment	12	3 809 899 844	3 774 901 120
Intangible assets	13	8 349 589	8 351 428
Heritage assets	14	4 284 231	4 284 231
		4 063 787 993	**4 022 436 473**
Total Assets		**4 355 810 836**	**4 368 589 633**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	648 286 588	547 604 386
Payables from non-exchange transactions	16	36 652 890	14 822 186
VAT payable	17	79 715 622	69 553 916
Unspent conditional grants and receipts	18	17 078 176	45 884 883
Consumer deposits	19	61 048 090	42 349 404
Finance lease obligation	20	909 186	9 139 884
Borrowings	21	1 428 712	4 888 520
Provisions	22	4 062 180	2 833 550
		849 181 444	**737 076 729**
Non-Current Liabilities			
Borrowings	21	-	1 428 712
Finance lease obligation	20	-	909 186
Provisions	22	151 537 716	134 041 031
Employee benefit obligation	23	167 532 700	153 176 233
		319 070 416	**289 555 162**
Total Liabilities		**1 168 251 860**	**1 026 631 891**
Total Net Assets		**3 187 558 976**	**3 341 957 742**
Accumulated surplus		3 185 888 034	3 340 286 800
Revaluation reserve		1 670 942	1 670 942
Total Net Assets		**3 187 558 976**	**3 341 957 742**

* See Note 49

Statement of Financial Performance

Figures in Rand	Note(s)	01 July 2017 to 30 June 2018	04 August 2016 to 30 June 2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	24	928 108 613	821 304 414
Rental of facilities and equipment	25	655 825	1 051 131
Interest received - investment	26	5 047 948	7 872 932
Interest received - outstanding receivables		25 657 785	12 623 629
Income from agency services	27	21 545 735	20 033 199
Other income	28	18 643 500	18 763 868
Fair value adjustments	44	8 746 032	8 819 689
Actuarial gains	23	11 842 654	6 571 583
Total revenue from exchange transactions		**1 020 248 092**	**897 040 445**
Revenue from non-exchange transactions			
Property rates	29	198 611 191	165 070 207
Transfer revenue			
Government grants & subsidies	30	514 151 597	468 631 721
Public contributions and donations	31	37 691 442	28 325 731
Fines	32	12 151 772	16 068 542
Total revenue from non-exchange transactions		**762 606 002**	**678 096 201**
Total revenue		**1 782 854 094**	**1 575 136 646**
Expenditure			
Employee related costs	33	(534 671 692)	(420 564 296)
Remuneration of councillors	34	(26 355 498)	(21 369 653)
Depreciation and amortisation	35	(187 405 093)	(149 916 587)
Impairment loss of assets	36	(13 803 798)	(62 297 002)
Finance costs	37	(61 401 746)	(65 963 481)
Debt impairment	38	(161 161 889)	(72 526 048)
Assets derecognised	39	(31 552 005)	(9 768 315)
Bulk purchases	40	(683 953 752)	(557 022 101)
Contracted services	41	(53 249 488)	(41 416 803)
Transfers and subsidies	42	(1 590 000)	(1 500 000)
General expenses	43	(182 107 899)	(146 304 369)
Total expenditure		**(1 937 252 860)**	**(1 548 648 655)**
(Deficit) surplus for the year		**(154 398 766)**	**26 487 991**

* See Note 49

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance after the merger of Randfontein and Westonaria Local Municipalities 04 August 2016	**1 670 942**	**3 060 726 792**	**3 062 397 734**
Changes in net assets			
Restated* surplus for the financial period	-	26 487 991	26 487 991
Correction of errors	-	245 384	245 384
Prior year adjustments	-	252 826 633	252 826 633
Total changes	-	279 560 008	279 560 008
Restated* Balance at 01 July 2017	**1 670 942**	**3 340 286 800**	**3 341 957 742**
Changes in net assets			
Surplus for the year	-	(154 398 766)	(154 398 766)
Total changes	-	(154 398 766)	(154 398 766)
Balance at 30 June 2018	**1 670 942**	**3 185 888 034**	**3 187 558 976**

* See Note 49

Cash Flow Statement

Figures in Rand	Note(s)	01 July 2017 to 30 June 2018	04 August 2016 to 30 June 2017 Restated*
Cash flows from operating activities			
Receipts			
Taxation and fines		188 953 052	157 069 530
Sale of goods and services		845 048 466	678 710 324
Grants		429 931 140	447 905 915
Interest income		5 047 948	7 872 932
Other receipts		87 256 798	43 371 449
		1 556 237 404	1 334 930 150
Payments			
Employee costs		(546 454 010)	(424 576 162)
Suppliers		(822 997 410)	(596 138 687)
Finance costs		(23 735 063)	(26 600 701)
		(1 393 186 483)	(1 047 315 550)
Net cash flows from operating activities	45	**163 050 921**	**287 614 600**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(232 018 823)	(225 937 117)
Purchase of intangible assets	13	(1 510 011)	(805 841)
Capitalised development costs	13	-	(24 935)
Increase in investments		(725 872)	(567 663)
Decrease in long term receivables		340 265	693 825
Net cash flows from investing activities		**(233 914 441)**	**(226 616 796)**
Cash flows from financing activities			
Repayment of borrowings		(4 888 520)	(6 859 446)
Finance lease payments		(9 139 883)	(7 224 527)
Net cash flows from financing activities		**(14 028 403)**	**(14 083 973)**
Net increase in cash and cash equivalents		**(84 891 923)**	**46 913 831**
Cash and cash equivalents at the beginning of the year		127 942 966	81 029 135
Cash and cash equivalents at the end of the year	3	**43 051 043**	**127 942 966**

* See Note 49

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	975 692 930	52 676 146	**1 028 369 076**	928 108 613	**(100 260 463)**	57.01
Rental of facilities and equipment	3 626 315	(1 043 797)	**2 582 518**	655 825	**(1 926 693)**	57.02
Interest received - outstanding receivables	18 508 766	6 000 000	**24 508 766**	25 657 785	**1 149 019**	57.03
Income from agency services	28 365 285	-	**28 365 285**	21 545 735	**(6 819 550)**	57.04
Other income	38 827 541	(10 420 219)	**28 407 322**	18 643 500	**(9 763 822)**	57.05
Interest received - investment	3 193 443	-	**3 193 443**	5 047 948	**1 854 505**	57.06
Total revenue from exchange transactions	**1 068 214 280**	**47 212 130**	**1 115 426 410**	**999 659 406**	**(115 767 004)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	192 777 809	27 624 856	**220 402 665**	198 611 191	**(21 791 474)**	57.07
Transfer revenue						
Government grants & subsidies	437 568 000	88 195 998	**525 763 998**	514 151 597	**(11 612 401)**	57.08
Public contributions and donations	-	-	**-**	37 691 442	**37 691 442**	57.09
Fines	10 598 962	8 000 000	**18 598 962**	12 151 772	**(6 447 190)**	57.10
Total revenue from non-exchange transactions	**640 944 771**	**123 820 854**	**764 765 625**	**762 606 002**	**(2 159 623)**	
Total revenue	**1 709 159 051**	**171 032 984**	**1 880 192 035**	**1 762 265 408**	**(117 926 627)**	
Expenditure						
Employee related costs	(490 245 905)	(4 026 963)	**(494 272 868)**	(534 671 692)	**(40 398 824)**	57.11
Remuneration of councillors	(26 361 457)	-	**(26 361 457)**	(26 355 498)	**5 959**	57.12
Depreciation and amortisation	(172 624 000)	-	**(172 624 000)**	(187 405 093)	**(14 781 093)**	57.13
Impairment loss of assets	-	-	**-**	(13 803 798)	**(13 803 798)**	57.14
Finance costs	(5 768 247)	(2 110 795)	**(7 879 042)**	(61 401 746)	**(53 522 704)**	57.15
Debt impairment	(27 209 443)	(36 454 849)	**(63 664 292)**	(161 161 889)	**(97 497 597)**	57.16
Assets derecognised	-	-	**-**	(31 552 005)	**(31 552 005)**	57.17
Repairs and maintenance	(72 441 548)	6 632 548	**(65 809 000)**	(63 294 893)	**2 514 107**	57.18
Bulk purchases	(613 244 952)	(28 551 873)	**(641 796 825)**	(683 953 752)	**(42 156 927)**	57.19
Contracted services	(42 566 718)	1 245 122	**(41 321 596)**	(53 249 488)	**(11 927 892)**	57.20
Transfers and subsidies	(1 590 000)	-	**(1 590 000)**	(1 590 000)	**-**	57.21
General expenses	(98 627 267)	(4 665 322)	**(103 292 589)**	(118 813 006)	**(15 520 417)**	57.22
Total expenditure	**(1 550 679 537)**	**(67 932 132)**	**(1 618 611 669)**	**(1 937 252 860)**	**(318 641 191)**	
Operating deficit	**158 479 514**	**103 100 852**	**261 580 366**	**(174 987 452)**	**(436 567 818)**	
Fair value adjustments	-	-	**-**	8 746 032	**8 746 032**	57.23
Actuarial gains	-	-	**-**	11 842 654	**11 842 654**	57.24
	-	**-**	**-**	**20 588 686**	**20 588 686**	
Surplus (Deficit) for the year	**158 479 514**	**103 100 852**	**261 580 366**	**(154 398 766)**	**(415 979 132)**	

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Use of estimates

Management makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognised in the period in which the estimates are reviewed and in any future periods affected.

In the process of applying Rand West City Local Municipality's accounting policies, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.3.1 .Classification of leases

All arrangements that are classified as leases are evaluated as operating and finance leases. These are then accounted in the annual financial statements in terms of the relevant GRAP standard.

1.3.2 Employee benefits including pension and other post-employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.3.3 Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service identifiable categories across all debtor classes.

1.3.4 Impairment of property, plant and equipment, heritage assets and intangible assets

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Accounting Policies

1.3 Use of estimates (continued)

1.3.5 Provisions, landfill rehabilitation provision and contingent liabilities

Management's judgments is required when recognising and measuring provisions, landfill rehabilitation provision and contingent liabilities. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

1.3.6 Useful lives of property, plant and equipment and intangible assets

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgments on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.4 Budget information

Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through MFMA and the appropriate legislation.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2017 to 6/30/2018.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.5 Investments in controlled entities

1.5.1 Assets acquired at no costs/nominal cost

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

1.5.2 Cash generating assets

Cash generating assets are those assets held by Rand West City Local Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

1.5.3 Carrying Amount

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

1.5.4 Cash generating unit

A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, Rand West City Local Municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating: the future cash inflows used to determine the asset's or cash generating unit's value in use; and the future cash outflow used to determine the value in use of any other assets or cash generating units that are affected by the internal transfer pricing.

1.5.5 Costs of disposal

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

1.5.6 Cost of inventories

Accounting Policies

1.5 Investments in controlled entities (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.5.7 Current replacement cost

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

1.5.8 Depreciation (Amortisation)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

1.5.9 Exchange transactions for non-monetary assets

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination thereof, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at its cost, its cost is measured at the carrying amount of the asset given up.

1.5.10 Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

1.5.11 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

1.5.12 Impairment Loss

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

1.5.13 Net realisable value

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

1.5.14 Non-cash generating assets

Non-cash generating assets are assets other than cash generating assets.

1.5.15 Recognition criteria for assets

Assets are recognised if it is probable that future economic benefits or service potential will flow to Rand West City Local Municipality from the assets and the costs/fair value of the assets can be reliably measured. This applies to the following types of assets:

- Property, plant and equipment;

- Investment property;

- Intangible asset ; and

- Heritage assets.

1.5.16 Recoverable amount

Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

Accounting Policies

1.5 Investments in controlled entities (continued)

1.5.17 Recoverable service amount

Recoverable service amount is the higher of non-cash generating asset's fair value less costs to sell and its value in use.

1.5.18 Useful life

Useful life is either the period of time over which an asset is expected to be used by Rand West City Local Municipality or the number of production or similar units expected to be obtained from the asset by Rand West City Local Municipality.

1.5.19 Value in use of non-cash generating assets

Value in use of non-cash generating assets is the present value of the non-cash generating assets remaining service potential. The present value of the remaining service potential of a non-cash generating assets is determined using the depreciated replacement cost approach.

The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential.

The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that Rand West City Local Municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an over designed or over capacity asset.

Over designed assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Accounting Policies

1.6 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	5 - 100 years
Infrastructure	Straight line	5 - 100 years
Community	Straight line	5 - 100 years
Other property, plant and equipment	Straight line	3 - 10 years
Leased assets	Straight line	3 - 7 years
Library books	Straight line	3 - 50 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Accounting Policies

1.6 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

1.7 Biological assets that form part of an agricultural activity

The municipality recognises a biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

1.8 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Accounting Policies

1.8 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 11).

Accounting Policies

1.8 Investment property (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

1.9 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.10 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Accounting Policies

1.10 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Servitudes	Indefinite
Computer software	3 - 10 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

1.11 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Accounting Policies

1.11 Heritage assets (continued)

Subsequent measurement

After recognition as a heritage asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluation is performed every five years.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.12 Financial instruments

Financial instruments are recognised when Rand West City Local Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to, or deducted from, the fair value, as appropriate on initial recognition.

1.12.1 Financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition. Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Rand West City Local Municipality has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

1.12.2 Financial assets at fair value

Financial assets that are held for trading or non-derivable financial assets with fixed or determinable payments that are designated at fair value at initial recognition. Subsequent to initial recognition, all changes to fair value are recognised through the Statement of Financial Performance.

1.12.3 Financial assets at amortised cost

Accounting Policies

1.12 Financial instruments (continued)

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates which Rand West City Local Municipality has positive intent and ability to hold to maturity are stated at amortised cost using the effective interest method less any impairment.

1.12.4 Financial assets at cost

Residual interests that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured are stated at cost, less any impairment.

1.12.5 Financial liabilities

After initial recognition, Rand West City Local Municipality measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

1.12.6 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgments made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgments made]

Accounting Policies

1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgments made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgments made]

1.15 Leases

At inception of an arrangement, Rand West City Local Municipality determines whether the arrangement is or contains a lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, Rand West City Local Municipality assesses the classification of each element separately. The land and the buildings elements of a lease are considered separately for the purpose of lease classification as finance or an operating lease.

Finance leases - Rand West City Local Municipality lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease. Lease payment relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance revenue.

Accounting Policies

1.15 Leases (continued)

Finance leases - Rand West City Local Municipality lessee

Finance lease assets are capitalised as property, plant and equipment at the lower of fair value or the present value of the minimum lease payments at the inception of the lease with an equivalent amount being stated as finance lease liability as part of debt.

The capitalised amount is depreciated over the shorter of the lease-term and asset's useful life unless it is reasonably certain that Rand West City Local Municipality will obtain ownership by the end of the lease term, in which case it is depreciated over its useful life.

Lease payments are allocated between capital repayments and finance expenses using the effective interest rate method.

Operating leases - Rand West City Local Municipality lessor

Rand West City Local Municipality presents assets subject to operating leases in the Statement of Financial Position according to the nature of the asset. These assets are depreciated in accordance with Rand West City Local Municipality's normal depreciation policy.

Lease revenue from operating leases is recognised as revenue on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease revenue are recognised as an expense.

Initial direct costs incurred by Rand West City Local Municipality in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Operating leases - Rand West City Local Municipality lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.16 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Accounting Policies

1.17 Value added tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

1.18 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.18.1 Short term employee benefits

Remuneration of employees is charged to the Statement of Financial Performance.

Short-term employee benefits are those that are expected to be settled completely within 12 months after the end of the reporting period in which the services have been rendered. Short term benefits include the paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care.

Short-term employee benefit obligations are measured on an undiscounted basis and are charged to the Statement of Financial Performance as the related service is provided.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Accounting Policies

1.18 Employee benefits (continued)

A liability is recognised for accumulated leave, incentive/performance bonuses and other employee benefits when Rand West City Local Municipality has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

1.18.2 Defined contribution pension plan and defined benefit pension plans

Rand West City Local Municipality contributes to defined contribution pension plans and defined benefit pension plans for its employees. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.

1.18.3 Retirement benefits

Defined contribution plans are post-employment benefit plans under which Rand West City Local Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to defined contribution pension plans are charged to the Statement of Financial Performance as an employee expense in the period in which related services are rendered by the employee or as they fall due.

Contributions that are expected to be wholly settled more than 12 months after the end of the reporting period, in which the employee renders the service, are discounted to their present value.

1.18.4 Defined benefit plans - Post-retirement health care benefits

Rand West City Local Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain of its retirees and their spouses. The entitlement of these benefits is usually based on the employee remaining in service up to retirement age, the completion of a minimum service period of 10 years and the employee continuing to pay their own contributions to the scheme.

Past service costs is recognised in surplus or deficit in the reporting period in which the plan is amended irrespective of whether vesting periods exist.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the project credit method. Independent actuaries perform the calculation of this obligation annually. Actuarial gains or losses are recognised, in the Statement of Financial Performance, in the period that they occur.

1.18.5 Other long term employee benefits

Long-term benefits are those that are provided to employees more than 12 months after the reporting date. Currently Rand West City Local Municipality provides the following additional payments to employees based on certain criteria:

Gratuity payment benefits

The municipality provides additional gratuity payments for employees who were not allowed to contribute retirement benefit plans under the apartheid government. This benefit is based on half the basic salary (at retirement) of the employee multiplied by the number of years that the employee was not allowed to contribute retirement benefit plans.

Long service awards

The municipality offers various types of long service awards to its employees, payable on completion of minimum number of years of employment.

Rand West City Local Municipality's liability is based on an actuarial valuation. Actuarial gains and losses on the long-term incentives are fully accounted for in the Statement of Financial Performance. The projected unit credit method was used to value the obligation.

The present value of the obligation is recognised on the Statement of Financial Position.

Accounting Policies

1.19 Provisions and contingencies

A provision is a liability of uncertain timing or amount.

Rand West City Local Municipality are recognises provisions when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

Long-term provisions are determined by discounting the expected future cash flows to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the Statement of Financial Performance.

Provisions are used only for expenditures for which the provision was originally recognised.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Those which can be settled within twelve months are treated as current liabilities. All other provisions are treated as non-current liabilities.

1.20 Construction contracts and receivables

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on Rand West City Local Municipality's policy, taking into account current technological, environmental and regulatory requirements.

The value of the provisions is based on the expected future cost to rehabilitate the various sites discounted back to the reporting date at the cost to capital. Costs include the initial estimate of the cost to rehabilitate the land, restoring the land, restoring the site, current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. In so far as the obligations relate to assets, they are capitalised as part of the cost of those assets. These provisions are reviewed at least annually.

Subsequent changes in the obligation are to, or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset does not exceed its carrying amount. Where the decrease in the obligation exceeds the carrying amount of the asset, the excess is recognised immediately in Statement of Financial Performance.

Where the adjustment results in an addition to the cost of an asset, Rand West City Local Municipality evaluates whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, Rand West City Local Municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount and account for any impairment loss in accordance with the relevant impairment policy.

Any unwinding of discount is charged to the statement of financial performance. The discount rate has not been risk adjusted.

1.21 Contingent liabilities

A contingent liability is:

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the municipality; or

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Rand West City Local Municipality does not recognise contingent liabilities. Contingent liabilities are disclosed in the notes to the annual financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Annually Rand West City Local Municipality evaluates the possibility of the outflow of resources or service potential.

Accounting Policies

1.22 Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Rand West City Local Municipality.

Rand West City Local Municipality does not recognise contingent assets. Contingent assets are disclosed in the notes to the annual financial statements, where an inflow of economic benefits or service potential is probable.

Rand West City Local Municipality continually assesses its contingent assets to ensure that developments are appropriately reflected in the financial statements. Where it does become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements in the period in which the change occurs.

1.23 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.24 Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue is recognised when it is probable that future economic benefits or services potential will flow to Rand West City Local Municipality, and when these benefits can be reliably measured.

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, service charges, rentals, interest received, grants from national and provincial government and other services rendered.

Revenue is measured at the fair value of the consideration received or receivable. The amount of revenue arising on a transaction is usually determined by agreement between the Rand West City Local Municipality and the purchaser or user of the asset or service.

Where the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.
- The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.
- Rand West City Local Municipality derives revenue from exchange and non-exchange transactions.

1.24.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

1.24 Revenue (continued)

Rendering of services

Rand West City Local Municipality recognises revenue from the rendering of services by reference to the stage of completion method when the outcome of the transaction can be measured reliably. The outcome of the transaction can be reliably measured, that is, when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to Rand West City Local Municipality.

- The stage of completion of the transaction at the reporting date can be measured reliably.

- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.

- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tariffs (Services):

Revenue arising from the provisioning of the services which is based on the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff.

Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis and revenue is recognised when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history or deemed consumption for households. The provisional estimates of consumption are recognised as revenue when billed. Adjustments to provisional estimates of consumption are made in the billing period when meters have been read. These adjustments are recognised as revenue in the billing period.

An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of each reporting period Residential sanitations service charges is based on taking 30kl of water consumption and multiply by applicable tariff for financial period. Business sanitation service charges is based on taking the twelve months water consumption multiply by the applicable. Basic Sewerages is based on taking the area size of the property multiply by the applicable tariff.

Service charges relating to refuse removal are recognised on a monthly basis based on 240l bins collected on a weekly basis.

Prepaid electricity:

Revenue from the sale of prepaid electricity is recognised at the point of sale less unused electricity at the end of the financial period.

Income from agency fees

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Accounting Policies

1.24 Revenue (continued)

Interest revenue

Interest earned on: Investments are recognised on a time proportionate basis that takes into account the effective yield on the investments.Outstanding debtors are recognised on a time proportionate basis.

Rental of facilities and equipment

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff and includes the issuing of licences and permits.

Dividends

Dividends are recognised when the municipality's right to receive payment is established.

1.24.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where Rand West City Local Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Property rates

Revenue from property rates is calculated from the date when the legal entitlement to this revenue arises and is recognised when billed. Collection charges are recognised when such amounts are legally enforceable and billed. Penalty interest on unpaid rates is recognised on a time proportion basis. A rating system charging one tariff is employed. Rebates and remissions are granted to certain categories of ratepayers and are recognised net of revenue.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Traffic fines are measured at fair value, which is based on the value of the fines issued, excluding the value of any early settlement discounts that are likely to be taken up by motorists. Interest is not levied on overdue amounts.

Subsequently, Rand West City Local Municipality evaluates the recoverability of these fines to determine the recoverable amount. This takes into account settlement discounts, reductions in the amount payable are offered, past history in terms of the successful prosecution and recovery of the fines.

Donations

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Municipality. Donations are measured at fair value.

Services in-kind

Rand West City Local Municipality does not recognise services in-kind as assets or revenue.

1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

Accounting Policies

1.25 Unauthorised expenditure (continued)

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

Should council approve this expenditure, no further action is required.

Where it is determined that this expenditure must be recovered, it is accounted for as revenue in the Statement of Financial Performance. A corresponding asset (receivable) is raised in the Statement of Financial Position which is accounted for in terms of Rand West City Local Municipality's accounting policy on receivables.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue in the same statement.

1.26 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the financial period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial period are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

1.29 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued heritage assets increase or decrease in value every five years. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.30 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

Accounting Policies

1.31 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

1.32 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.33 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short term, highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as current assets. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Cash and cash equivalents and bank borrowings are subsequently recorded at face value.

1.34 Repairs and Maintenance

Repairs and maintenance are generally charged to expenses during the financial period in which they are occurred.however, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

Figures in Rand	2018	2017 Restated*

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2099	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2099	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2099	Unlikely there will be a material impact
• Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2099	Unlikely there will be a material impact
• GRAP 110: Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	Unlikely there will be a material impact
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 107: Mergers	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Unlikely there will be a material impact
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	Unlikely there will be a material impact

Notes to the Financial Statements

2. New standards and interpretations (continued)

• GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 27 (as amended 2016): Agriculture	01 April 2018	Unlikely there will be a material impact
• GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
• GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	Unlikely there will be a material impact
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact

Notes to the Financial Statements

Figures in Rand	2018	2017 Restated*

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	22 961 479	12 311 060
Short-term deposits	20 089 564	115 631 906
	43 051 043	**127 942 966**

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
FNB - Primary account - 62738742982	7 817 915	-	7 963 790	-
FNB - Consumers account - 62738744045	7 387 286	-	8 987 086	-
FNB - Licensing account - 62738744607	5 017 616	-	4 972 067	-
FNB - Fines account - 62738745811	141 639	-	146 639	-
FNB - Prepaid account - 62756388510	901	-	-	-
FNB - Call account - 62738951377	19 536 554	-	19 536 554	-
ABSA - Current account - 4080906149	671 456	5 829 738	671 967	5 842 511
ABSA - Prepaid account - 4080906262	-	915 948	-	915 948
ABSA - Traffic account - 4080906319 and 9069541719	22 390	3 712 322	22 390	4 004 419
ABSA - Traffic fines account - 4080906335	800	462 893	800	475 042
ABSA - Consumers account - 4082132336 and 4077044996	191 183	1 426 201	191 183	1 073 141
Investec - Call account	364	115 106 108	364	115 106 108
ABSA - Call account - 9295235598	-	2 176	2 176	2 176
FNB - Investment account - 71038605740	31 444	29 209	31 444	29 209
FNB - Investment account - 71038284304	72 323	63 542	72 323	63 542
FNB - Investment account - 71038284297	138 861	128 993	138 861	128 993
NEDCOR - Investment account - 11812875	60 355	57 805	60 355	57 805
NEDBANK - Investment account - 11987622	110 990	110 990	110 990	110 990
NEDBANK - Investment account - 19770842	68 499	62 941	68 499	62 941
STANDARD Bank - Investment account - 28633016	67 284	64 012	67 284	64 012
STANDARD Bank - Investment account - 328634174	6 271	6 129	6 271	6 129
Total	**41 344 131**	**127 979 007**	**43 051 043**	**127 942 966**

Figures in Rand	2018	2017 Restated*
4. Receivables from exchange transactions		
Gross balances		
Electricity	116 339 658	99 671 693
Water	104 850 661	86 984 870
Sewerage	35 264 505	30 620 902
Refuse	40 208 906	34 916 015
VAT	36 445 311	34 597 127
Other (Rental, interest, reconnection fees)	153 744 556	133 956 503
	486 853 597	**420 747 110**
Less: Allowance for impairment		
Electricity	(59 315 748)	(53 405 543)
Water	(66 462 786)	(44 817 602)
Sewerage	(32 113 537)	(24 869 911)
Refuse	(36 511 825)	(30 380 878)
VAT	(29 170 224)	(27 817 837)
Other (Rental, interest, reconnection fees)	(114 570 871)	(54 259 060)
	(338 144 991)	**(235 550 831)**
Net balance		
Electricity	57 023 910	46 266 150
Water	38 387 875	42 167 268
Sewerage	3 150 968	5 750 991
Refuse	3 697 081	4 535 137
VAT	7 275 087	6 779 290
Other (Rental, interest, reconnection fees)	39 173 685	79 697 443
	148 708 606	**185 196 279**
Electricity		
Current (0 -30 days)	55 805 224	47 549 993
31 - 60 days	6 416 287	7 755 653
61 - 90 days	5 084 406	3 548 700
91 - 120 days	4 288 024	3 981 318
121 - 365 days	19 136 937	18 464 612
> 365 days	25 608 780	18 371 417
Less: Allowance for impairment	(59 315 748)	(53 405 543)
	57 023 910	**46 266 150**
Water		
Current (0 -30 days)	40 049 810	41 777 843
31 - 60 days	9 885 501	9 164 044
61 - 90 days	5 441 321	5 262 048
91 - 120 days	4 329 190	2 228 573
121 - 365 days	21 132 910	10 812 051
> 365 days	24 011 929	17 740 311
Less: Allowance for impairment	(66 462 786)	(44 817 602)
	38 387 875	**42 167 268**

Figures in Rand	2018	2017 Restated*

4. Receivables from exchange transactions (continued)

Sewerage		
Current (0 -30 days)	3 388 247	5 258 166
31 - 60 days	1 922 075	1 678 398
61 - 90 days	1 598 274	1 445 513
91 - 120 days	1 501 796	1 337 406
121 - 365 days	10 222 944	7 266 950
> 365 days	16 631 169	13 634 469
Less: Allowance for impairment	(32 113 537)	(24 869 911)
	3 150 968	**5 750 991**
Refuse		
Current (0 -30 days)	4 016 971	4 353 806
31 - 60 days	2 253 821	2 211 150
61 - 90 days	1 896 258	1 966 481
91 - 120 days	1 749 472	1 820 034
121 - 365 days	10 598 362	9 527 747
> 365 days	19 694 022	15 036 797
Less: Allowance for impairment	(36 511 825)	(30 380 878)
	3 697 081	**4 535 137**
VAT		
Current (0 -30 days)	8 180 756	7 403 128
31 - 60 days	2 624 089	2 967 822
61 - 90 days	2 093 459	1 756 537
91 - 120 days	1 560 865	1 373 703
121 - 365 days	8 639 487	8 824 106
> 365 days	13 346 655	12 271 831
Less: Allowance for impairment	(29 170 224)	(27 817 837)
	7 275 087	**6 779 290**
Other (Rental, interest, reconnection fees)		
Current (0 -30 days)	5 904 086	75 587 914
31 - 60 days	3 174 079	2 205 221
61 - 90 days	3 347 335	4 931 280
91 - 120 days	3 339 317	1 905 217
121 - 365 days	20 677 669	9 700 008
> 365 days	117 302 070	39 626 863
Less: Allowance for impairment	(114 570 871)	(54 259 060)
	39 173 685	**79 697 443**

Figures in Rand	2018	2017 Restated*

4. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	34 241 231	139 221 986
31 - 60 days	15 331 580	15 061 232
61 - 90 days	10 598 339	10 119 770
91 - 120 days	9 866 124	7 469 191
121 - 365 days	57 287 158	42 136 523
> 365 days	192 027 743	82 983 273
	319 352 175	296 991 975
Less: Allowance for impairment	(255 274 253)	(151 498 971)
	64 077 922	**145 493 004**
Industrial and commercial		
Current (0 -30 days)	32 054 093	39 738 522
31 - 60 days	10 441 784	9 825 770
61 - 90 days	8 529 086	7 707 196
91 - 120 days	6 471 722	4 185 643
121 - 365 days	31 499 544	15 840 384
> 365 days	21 908 303	17 014 812
	110 904 532	94 312 327
Less: Allowance for impairment	(80 700 170)	(60 508 027)
	30 204 362	**33 804 300**
National and provincial government		
Current (0 -30 days)	1 798 922	2 970 343
31 - 60 days	502 487	1 095 286
61 - 90 days	333 630	1 083 592
91 - 120 days	430 818	991 416
121 - 365 days	1 621 608	6 618 566
> 365 days	2 658 576	16 683 604
	7 346 041	29 442 807
Less: Allowance for impairment	(2 170 569)	(23 543 834)
	5 175 472	**5 898 973**
Total		
Current (0 -30 days)	117 345 093	181 930 850
31 - 60 days	26 275 851	25 982 288
61 - 90 days	19 461 054	18 910 559
91 - 120 days	16 768 664	12 646 250
121 - 365 days	90 408 310	64 595 474
> 365 days	216 594 626	116 681 689
	486 853 598	420 747 110
Less: Allowance for impairment	(338 144 992)	(235 550 831)
	148 708 606	**185 196 279**

Figures in Rand	2018	2017 Restated*

4. Receivables from exchange transactions (continued)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(235 550 831)	(286 092 615)
Contributions to allowance	(143 073 280)	(32 973 268)
Debt impairment written off against allowance	40 479 120	84 664 442
Reversal of allowance	-	(1 149 390)
	(338 144 991)	**(235 550 831)**

Receivables from exchange transactions pledged as security

No receivables from exchange transactions were pledged as security for liabilities.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. The municipality continuously monitors consumers and identified groups by reference to average payment history and incorporates this information into its credit risk control. No external credit rating is performed.

Receivables from exchange transactions impaired

As of 30 June 2018, receivables from exchange transactions of R 486 853 597 (2017: R 420 747 110) were impaired and provided for.

The amount of the allowance for impairment was R 338 144 992 as of 30 June 2018 (2017: R 235 550 831).

Rand West City Local Municipality has not discounted receivables from exchange transactions due to the fact that from 01 July 2017 all consumers will be charged interest for outstanding receivables.

Notes to the Financial Statements

Figures in Rand	2018	2017 Restated*

5. Receivables from non-exchange transactions

Property rates	21 615 945	17 718 295
Fines	1 566 606	1 799 687
Sundry debtors	1 316 845	1 267 800
Gauteng Department of Human Settlements	55 413 750	-
Trust funds held by Thaanyane Attorneys	-	3 153 835
Department of Health	-	2 777 558
	79 913 146	**26 717 175**

Property rates

The ageing of receivables in respect of Property rates is as follows:

Current (0 - 30 days)	10 516 457	12 515 027
31 - 60 days	3 574 244	3 111 053
61 - 90 days	2 690 458	2 597 333
91 - 120 days	2 485 024	2 304 653
121 - 365 days	27 832 999	13 102 217
> 365 days	56 879 912	49 349 792
Less: Allowance for impairment	(82 363 149)	(65 261 781)
	21 615 945	**17 718 294**

Summary by customer classification

Consumers:		
Current (0 - 30 days)	5 949 239	7 108 077
31 - 60 days	1 946 726	2 407 201
61 - 90 days	1 397 487	2 097 591
91 - 120 days	1 361 029	1 889 452
121 - 365 days	7 895 739	10 883 390
> 365 days	39 416 376	34 040 348
Less: Allowance for impairment	(48 507 836)	(48 642 123)
	9 458 760	**9 783 936**
Industrial and commercial		
Current (0 - 30 days)	4 273 033	5 334 433
31 - 60 days	1 446 844	651 417
61 - 90 days	1 119 974	455 105
91 - 120 days	960 121	375 467
121 - 365 days	18 742 786	2 047 709
> 365 days	10 452 664	12 935 600
Less: Allowance for impairment	(32 996 621)	(16 532 565)
	3 998 801	**5 267 166**
National and provincial government		
Current (0 - 30 days)	294 185	72 517
31 - 60 days	180 674	52 434
61 - 90 days	172 997	44 637
91 - 120 days	163 875	39 735
121 - 365 days	1 194 474	171 118
> 365 days	7 010 871	2 373 845
Less: Allowance for impairment	(858 692)	(87 093)
	8 158 384	**2 667 193**

Figures in Rand	2018	2017 Restated*

5. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for impairment

Opening balance	(65 261 781)	(477 168 748)
Contributions to allowance	(17 101 368)	(35 222 020)
Mines impairment written off against allowance for impairment	-	447 128 987
	(82 363 149)	**(65 261 781)**

Traffic fines

Reconciliation of gross balances to net balances

Receivables from traffic fines	51 363 578	52 741 743
Less: Allowance for impairment	(49 796 972)	(50 942 056)
	1 566 606	**1 799 687**

Reconciliation of allowance for impairment

Opening balance	(50 942 056)	(49 263 973)
Contributions to allowance	1 145 084	(1 678 083)
	(49 796 972)	**(50 942 056)**

Sundry debtors

Reconciliation of gross balances to net balances

Receivables from sundry debtors	21 283 028	20 858 421
Less: Allowance for impairment	(19 966 183)	(19 590 621)
	1 316 845	**1 267 800**

Reconciliation of allowance for impairment

Opening balance	(19 590 621)	(11 398 095)
Contributions to allowance	(375 562)	(8 192 526)
	(19 966 183)	**(19 590 621)**

Department of health

Reconciliation of gross balances to net balances

Department of health	3 055 314	3 055 314
Less: Allowance for impairment	(3 055 314)	(277 756)
	-	**2 777 558**

Reconciliation of allowance for impairment

Opening balance	(277 756)	-
Contributions to allowance	(2 777 558)	(277 756)
	(3 055 314)	**(277 756)**

Figures in Rand	2018	2017 Restated*

5. Receivables from non-exchange transactions (continued)

Summary of allowance for impairment in Statement of Financial Performance

Property rates	(17 101 368)	(35 222 020)
Traffic fines	1 145 084	(1 678 083)
Sundry debtors	(375 562)	(8 192 526)
Department of health	(2 777 558)	(277 756)
	(19 109 404)	**(45 370 385)**

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security for liabilities.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired

At 30 June 2018 no receivables from non-exchange transactions were past due but not impaired.

Receivables from non-exchange transactions impaired

As of 30 June 2018, receivables from non-exchange transactions of R 79 913 146 (2017: R 26 717 174) were impaired and provided for.

The amount of the provision was R 82 363 149 for property rates, R 49 796 972 for traffic fines, R 19 966 183 for sundry debtors and R 3 055 314 for the Department of health as of 30 June 2018.

Figures in Rand	2018	2017 Restated*

6. Prepayments

Suppliers paid in advance	227 671	227 671
Insurance paid in advance	967 085	786 145
	1 194 756	**1 013 816**

7. Inventories

Consumable stores	4 242 143	3 291 657
Water	647 004	555 282
Milk	1 162	-
	4 890 309	**3 846 939**

Inventory pledged as security

No inventory was pledged as security for facilities

8. Long term receivables

Consumer receivables with long term arrangements	2 356 996	2 697 261

Reconciliation of gross balances to net balances

Long term receivables	9 427 983	10 789 043
Allowance for impairment	(7 070 987)	(8 091 782)
	2 356 996	**2 697 261**

Reconciliation of allowance for impairment

Opening balance	(8 091 782)	(13 909 387)
Decrease in allowance for impairment	1 020 795	5 817 605
	(7 070 987)	**(8 091 782)**

Non current portion	1 049 201	1 261 276
Current portion	1 307 795	1 435 985
	2 356 996	**2 697 261**

Long term receivables

Longterm receivables are consumers who enter into an arrangement to pay off their debts over an agreed period of time as per the approved credit control policy. All long term receivables that are past due were considered to be impaired. At 30 June 2018 all long term receivables that were past due were impaired.

Long term receivables pledged as security

No long term receivables were pledged as security for liabilities.

Long term receivables impaired

At 30 June 2018, long term receivables of R 9 427 983 (2017: R 10 789 043)were impaired and provided for.

The amount of the provision was R 7 070 987 as of 30 June 2018 (2017: R 8 091 782).

Notes to the Financial Statements

Figures in Rand	2018	2017 Restated*
9. Investments		
At amortised cost		
Bond investment	12 957 188	12 231 316
The above is a zero coupon bond investment held with Stanlib for a period of 20 years from 2 July 1998.		
Non-current assets		
At amortised cost	-	12 231 316
Current assets		
At amortised cost	12 957 188	-
Investments pledged as collateral		
Collateral		
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	1 428 712	3 987 890
The above investment has been pledged as security for borrowings with a carrying amount of R 1 428 712 (2017: R 3 987 890). Refer to note 21.		

Figures in Rand	2018	2017 Restated*

10. Biological assets that form part of an agricultural activity

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dairy cattle	614 857	-	614 857	629 337	-	629 337

Reconciliation of biological assets that form part of an agricultural activity - 01 July 2017 to 30 June 2018

	Opening balance	Losses arising from changes in fair value	Total
Dairy cattle	629 337	(14 480)	614 857

Reconciliation of biological assets that form part of an agricultural activity - 04 August 2016 to 30 June 2017

	Opening balance after the merger of Randfontein and Westonaria Local Municipalites	Losses arising from changes in fair value	Total
Dairy cattle	662 279	(32 942)	629 337

Details of biological assets

Cows in production	38	33
Cows not in production	25	30
Heifers	29	28
Calves	15	13
Bulls	1	1
	108	**105**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Pledged as security

No biological assets were pledged as security for liabilities.

Details of valuation

The effective date of the valuations was 30 June 2018. Valuations were performed by an independent valuer, Mr Hendrix Nel. Mr Hendrik Nel is not connected to the municipality and has recent experience in the valuation of biological assets.

The valuation was based on open market values.

Figures in Rand	2018	2017 Restated*

11. Investment property

	2018			2017		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Investment property	239 590 271	-	239 590 271	220 777 765	-	220 777 765

Reconciliation of investment property - 01 July 2017 to 30 June 2018

	Opening balance	Donations received	Reclassify investment property	Fair value adjustments	Total
Investment property	220 777 765	11 817 000	(1 765 006)	8 760 512	239 590 271

Reconciliation of investment property - 04 August 2016 to 30 June 2017

	Opening balance after the merger of Randfontein and Westonaria Local Municipalites	Correction of errors	Reclassify investment property	Investment property derecognised	Fair value adjustments	Total
Investment property	268 692 069	(25 591 006)	(28 385 644)	(2 790 285)	8 852 631	220 777 765

Pledged as security

No investment property was pledged as security for liabilities.

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 30 June 2018. Valuations were performed by an independent valuer, Mr Zack van der Merwe (registered with South Africa Council for the Property Valuer Profession (SACPVP) as a professional valuer and also a member of the South African Institute of Valuers). Mr Zack van der Merwe is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

12. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	906 692 548	(19 734 967)	886 957 581	880 308 645	(24 019 920)	856 288 725
Buildings	422 632 839	(327 635 790)	94 997 049	412 576 552	(316 557 699)	96 018 853
Infrastructure	5 599 665 687	(3 058 902 081)	2 540 763 606	5 415 586 149	(2 931 098 203)	2 484 487 946
Community	582 729 403	(348 062 870)	234 666 533	565 602 862	(305 121 081)	260 481 781
Leased assets	23 915 178	(23 185 314)	729 864	23 915 178	(15 219 402)	8 695 776
Library books	25 848 242	(16 496 269)	9 351 973	24 708 371	(14 206 730)	10 501 641
Other property, plant and equipment	121 291 987	(78 858 749)	42 433 238	144 337 369	(85 910 971)	58 426 398
Total	**7 682 775 884**	**(3 872 876 040)**	**3 809 899 844**	**7 467 035 126**	**(3 692 134 006)**	**3 774 901 120**

Reconciliation of property, plant and equipment - 01 July 2017 to 30 June 2018

	Opening balance	Additions	Reclassify to assets	Donations received	Landfill site valuations	Assets derecognised	Depreciation	Impairment (loss)/reversal	Total
Land	856 288 725	3 000 000	1 755 206	25 196 535	-	(3 567 838)	-	4 284 953	886 957 581
Buildings	96 018 853	10 121 681	-	-	-	(65 394)	(10 660 747)	(417 344)	94 997 049
Infrastructure	2 484 487 946	198 908 177	-	-	6 589 498	(21 328 137)	(133 957 443)	6 063 565	2 540 763 606
Community	260 481 781	17 185 233	-	-	-	(58 691)	(19 206 818)	(23 734 972)	234 666 533
Leased assets	8 695 776	-	-	-	-	-	(7 965 912)	-	729 864
Library books	10 501 641	1 139 871	-	-	-	-	(2 289 539)	-	9 351 973
Other property, plant and equipment	58 426 398	1 663 861	-	677 907	-	(6 531 945)	(11 802 983)	-	42 433 238
	3 774 901 120	**232 018 823**	**1 755 206**	**25 874 442**	**6 589 498**	**(31 552 005)**	**(185 883 442)**	**(13 803 798)**	**3 809 899 844**

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 04 August 2016 to 30 June 2017

	Opening balance after the merger of Randfontein and Westonaria Local Municipalites	Correction of errors	Reclassify assets	Additions	Donations	Landfill site valuations	Assets derecognised	Depreciation	Impairment (loss)/reversal	Total
Land	826 041 431	25 906 505	28 360 709	-	-	-	-	-	(24 019 920)	856 288 725
Buildings	51 947 954	49 016 899	(1 283 538)	712 060	-	-	(31 819)	(4 338 478)	(4 225)	96 018 853
Infrastructure	2 138 174 904	168 144 511	68 800 067	182 370 984	17 771 303	23 576 799	(5 549 268)	(109 073 706)	272 352	2 484 487 946
Community	362 459 265	(20 421 081)	(68 674 282)	31 792 409	10 554 428	-	(1 237 792)	(15 445 957)	(38 545 209)	260 481 781
Leased assets	15 869 020	-	-	-	-	-	-	(7 173 244)	-	8 695 776
Library books	9 943 366	-	-	2 961 057	-	-	-	(2 402 782)	-	10 501 641
Other property, plant and equipment	57 860 159	1 228 529	1 105 785	8 102 614	-	-	(159 151)	(9 711 538)	-	58 426 398
	3 462 296 099	**223 875 363**	**28 308 741**	**225 939 124**	**28 325 731**	**23 576 799**	**(6 978 030)**	**(148 145 705)**	**(62 297 002)**	**3 774 901 120**

Pledged as security

No property, plant and equipment were pledged as security for liabilities.

Assets subject to finance lease (Net carrying amount)

Leased assets - Motor vehicles and compactors	729 864	8 695 776

Figures in Rand	2018	2017 Restated*

12. Property, plant and equipment (continued)

Included in Property, plant and equipment is Work-in -Progress as per the following reconciliation:

Reconciliation of Work-in-Progress: 01 July 2017 to 30 June 2018	Opening Balance	Additions	Capitalised	Total
Buildings	394 060	10 603 560	-	10 997 620
Community Facilities	36 633 615	26 985 001	(30 684 726)	32 933 890
Water Network	97 459 291	103 594 846	(30 682 945)	170 371 192
Electricity Network	38 531 583	28 512 346	(7 332 538)	59 711 391
Roads & Stormwater Network	37 479 922	43 695 427	(41 704 248)	39 471 101
	-	873 354	-	873 354
	210 498 471	**214 264 534**	**(110 404 457)**	**314 358 548**

Reconciliation of Work-in-Progress: 04 August 2016 to 30 June 2017	Opening balance after the merger of Randfontein and Westonaria Local Municipalites	Correction of errors	Additions	Capitalised	Closing Balance
Buildings	2 300 447	(2 223 527)	712 060	(394 920)	394 060
Community Facilities	16 110 803	(794 422)	31 770 485	(10 453 251)	36 633 615
Water Network	36 064 968	(941)	72 138 834	(10 743 570)	97 459 291
Electricity Network	36 631 320	(17 226)	35 296 521	(33 379 032)	38 531 583
Roads & Stormwater Network	2 465 953	(1 463 111)	72 593 154	(36 116 074)	37 479 922
	93 573 491	**(4 499 227)**	**212 511 054**	**(91 086 847)**	**210 498 471**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Included in property, plant and equipment is land with an opening carrying amount of R 24 019 920 of which the right to use the land is with the community that illegally occupied it. At the end of the financial period end, the land has been impaired.

Figures in Rand	2018	2017 Restated*

13. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	6 146 046	-	6 146 046	6 136 246	-	6 136 246
Computer software	7 963 330	(5 759 787)	2 203 543	7 259 159	(5 043 977)	2 215 182
Total	**14 109 376**	**(5 759 787)**	**8 349 589**	**13 395 405**	**(5 043 977)**	**8 351 428**

Reconciliation of intangible assets - 01 July 2017 to 30 June 2018

	Opening balance	Additions	Reclassify to property plant and equipment	Amortisation	Total
Servitudes	6 136 246	-	9 800	-	6 146 046
Computer software	2 215 182	1 510 011	-	(1 521 650)	2 203 543
	8 351 428	**1 510 011**	**9 800**	**(1 521 650)**	**8 349 589**

Reconciliation of intangible assets - 04 August 2016 to 30 June 2017

	Opening balance after the merger of Randfontein and Westonaria Local Municipalites	Correction of errors	Additions	Reclassify intangible assets	Amortisation	Total
Other intangible assets	6 111 311	-	-	24 935	-	6 136 246
Computer software	168 026	3 012 199	805 841	-	(1 770 884)	2 215 182
	6 279 337	**3 012 199**	**805 841**	**24 935**	**(1 770 884)**	**8 351 428**

Pledged as security

No intangible assets were pledged as security for liabilities.

Details of intangible assets

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand	2018	2017 Restated*

14. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Paintings and other artifacts	4 284 231	-	4 284 231	4 284 231	-	4 284 231

Reconciliation of heritage assets - 01 July 2017 to 30 June 2018

	Opening balance	Total
Paintings and other artifacts	4 284 231	4 284 231

Reconciliation of heritage assets - 04 August 2016 to 30 June 2017

	Opening balance after the merger of Randfontein and Westonaria Local Municipalites	Reclassify heritage assets	Total
Historical monuments	4 232 263	51 968	4 284 231

Pledged as security

No heritage assets were pledged as security for liabilities:

Revaluations

Paintings and other artifacts

The effective date of the revaluation was 6/30/2015. Revaluations were performed by independent valuer, Mr A. Inggs. The next valuation will be performed on 30 June 2020.

Mrs A. Inggs is not connected to the municipality and has recent experience in the valuation of heritage assets.The valuation was based on open market value.

The revaluation will be performed every five years.

Details of Heritage assets

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand	2018	2017 Restated*

15. Payables from exchange transactions

Trade payables	490 017 703	413 604 313
Retention monies payable	29 440 440	21 801 837
Payroll accruals	21 877 835	24 436 114
Accrued leave	39 848 174	22 723 138
Accrued bonus (13th cheque)	9 316 760	10 551 313
Accrued performance bonuses	-	3 107 131
Payments received in advance	6 492 285	6 846 454
Consumer debtors with credit balances	51 293 391	44 534 086
	648 286 588	**547 604 386**

Included in the consumer debtors with credit balances is the mines the Municipality currently owes due to the reversal of the property rates billed to them.

16. Payables from non-exchange transactions

Unallocated receipts	7 313 024	7 286 442
Sundry debtors with credit balances	8 216 003	7 535 744
Security deposit for debt collection	17 250 000	-
Security deposit for prepaid electricity	3 873 863	-
	36 652 890	**14 822 186**

Unallocated receipts relates to unknown direct deposits made into the Municipality's bank account.

The security deposit for debt collection of R 17 250 000 is a deposit paid by the municipality's debt collection service provider who is collecting money on behalf of the municipality for outstanding debts owed to the municipality.

The security deposit for prepaid electricity of R 3 873 863 is a net amount of a R 90 000 000 deposit paid by the municipality's prepaid vendor who is selling prepaid electricity and deposits the proceeds into the municipality's account and an amount of R 86 126 137 was deducted as the proceeds were not deposited.

17. VAT payable

VAT	79 715 622	69 553 916

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	7 422 324
Gauteng Department of Sports, Recreation, Arts and Culture Grant	-	865 688
Gauteng Department of Human Settlements Grant	4 501 268	25 143 709
Gauteng Department of Social Development Grant	8 462 946	8 462 946
Public Contribution	3 990 216	3 990 216
Aids District Programme	123 746	-
	17 078 176	**45 884 883**

See note 30 for reconciliation of grants from National/Provincial Government.

Figures in Rand	2018	2017 Restated*

19. Consumer deposits

Electricity and water	61 016 139	42 317 453
Municipal halls and sports complex	31 951	31 951
	61 048 090	**42 349 404**

20. Finance lease obligation

Present value of minimum lease payments due		
- within one year	909 186	9 139 884
- in second to fifth year inclusive	-	909 186
	909 186	**10 049 070**
Non-current liabilities	-	909 186
Current liabilities	909 186	9 139 884
	909 186	**10 049 070**

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was three years and the effective borrowing rate was 9.50% which was the prime lending rate on 29 July 2015 which is the date on which the finance lease commenced.

Interest rates are fixed at the contract date. All leases escalate at 6% p.a and include additional charges for contingent rent based on excess kilometres travelled.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 12.

21. Borrowings

At amortised cost		
Development Bank of Southern Africa (DBSA) loan Interest rate on the loan is fixed at 15.5% per annum compounded semi annually. The loan period is 20 years. The loan will be paid up on 30 September 2018 and is secured by investments with a carrying amount of R 12 957 188. Refer to note 9.	1 428 712	3 987 890
Standard Bank loan Interest rate on the loan is fixed at 9.85% per annum compounded monthly. The loan period was 7 years.	-	1 429 615
INCA West loan There were two loans with this institution and the interest rates on the loans were fixed at 11.11% and 13.36% per annum compounded semi annually. The loan periods was 10 years.	-	899 727
Total borrowings	**1 428 712**	**6 317 232**
Non-current liabilities		
At amortised cost	-	1 428 712
Current liabilities		
At amortised cost	1 428 712	4 888 520

Figures in Rand	2018	2017 Restated*

22. Provisions

Reconciliation of provisions - 01 July 2017 to 30 June 2018

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	134 041 031	6 589 498	-	10 907 187	151 537 716
Performance bonuses	2 642 673	1 410 152	-	-	4 052 825
Minor claims	190 877	-	(181 522)	-	9 355
	136 874 581	**7 999 650**	**(181 522)**	**10 907 187**	**155 599 896**

Reconciliation of provisions - 04 August 2016 to 30 June 2017

	Opening balance after the merger of Randfontein and Westonaria Local Municipalites	Correction of errors	Additions	Change in discount factor	Total
Environmental rehabilitation	102 247 610	238	23 576 799	8 216 384	134 041 031
Performance bonuses	1 520 561	-	1 122 112	-	2 642 673
Minor claims	-	-	190 877	-	190 877
	103 768 171	**238**	**24 889 788**	**8 216 384**	**136 874 581**

Non-current liabilities	151 537 716	134 041 031
Current liabilities	4 062 180	2 833 550
	155 599 896	**136 874 581**

Environmental rehabilitation provision

The valuation was performed by Seakle Godschalk who is a professional environmental scientist from CSS Environment and sustainability solutions CC who holds a qualification in Master's degree in Science and Masters degree in Accounting. Seakle Godschalk is an independent valuer and is registered with South African Council for Natural Scientific Professions as well as with the South African Institute of Ecologists and Environmental Scientists.

Performance bonuses provision

The calculated provision for performance bonus was done using a rate of 14% of the total package. The provision for performance bonus is categorised as a provision based on the fact that the performance bonus will only be paid once an employee has met a performance condition. Therefore it is uncertain whether all the employees who are qualifying for a performance bonus will meet the award criteria. In addition the bonus has to be approved by the Council. Only section 56 employees have been provided for in the current financial year.

Minor claims provision

The municipality has recognised minor claims for damages which are below R 20 000 due to the trend of likely paying them out.

Figures in Rand	2018	2017 Restated*

23. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post retirement medical benefits	(133 858 833)	(129 346 552)
Long service awards	(33 673 867)	(23 829 681)
	(167 532 700)	**(153 176 233)**

Post retirement medical benefits

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death in retirement, the surviving dependants may continue membership of the medical scheme. Qualifying members receive a post employment subsidy for which the municipality is liable.

The municipality operates an unfunded defined benefit plan for these qualifying employees.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit method.

At the valuation date individuals entitled to a post retirement medical aid subsidy were:		
In-service (employee) members:	1 041	928
In-service (employee) non members:	267	315
Continuation (retiree and widow) members:	85	83

The current service costs are estimated at R 7 793 895 for the current financial year ending 30 June 2018 (04 August 2016 to 30 June 2017: R 9 852 973).

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	129 346 552	171 221 970
Benefits paid	(3 218 111)	(3 142 621)
Amendments to subsidy policy valued	-	(47 223 194)
Net expense recognised in the statement of financial performance	7 730 392	8 490 397
	133 858 833	**129 346 552**

Net expense recognised in the statement of financial performance

Current service cost	7 793 895	9 852 973
Interest cost	12 510 551	15 744 619
Actuarial gain	(12 574 054)	(17 107 195)
	7 730 392	**8 490 397**

Figures in Rand	2018	2017 Restated*

23. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.68 %	9.87 %
Actual return on plan assets	7.47 %	8.16 %
Expected rate of return on assets	2.06 %	1.58 %
The Average retirement age used in years was:	63	63

Long service awards liability

The Municipality offers employees a long service bonus for every completed ten year period of service. The long service awards paid on retirement, resignation or death. The amount payable is reviewed periodically and is assumed to increase in line with expected CPI inflation.

The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet its liability.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit method.

As at the financial year end, 1 308 (30 June 2017: 766) employees were eligible for long service awards. The current service cost for the financial year ended 30 June 2018 is estimated to be R 2 211 267 (04 August 2016 to 30 June 2017: R 1 236 715).

The expected remaining working lifetime of eligible employees is 17.7 years (30 June 2017: 17.4 years).

Key assumptions used at the reporting date:

Discount rates used	8.51 %	8.42 %
Expected inflation	6.13 %	6.24 %
Net effective discount rate	2.24 %	2.05 %

Changes in the present value of the long service award obligation are as follows:

Opening balance	23 829 681	13 992 024
Benefits paid	(2 600 609)	(3 208 991)
Net expense recognised in the statement of financial performance	12 444 795	13 046 648
	33 673 867	**23 829 681**

Net expense of the long service awards obligation recognised in the statement of financial performance:

Current service cost	2 211 267	1 236 715
Past service cost	7 603 947	-
Interest cost	1 898 181	1 274 321
Actuarial losses	731 400	10 535 612
	12 444 795	**13 046 648**

Actuarial gains reconciliation

Post retirement medical benefits	12 574 054	17 107 195
Long service awards	(731 400)	(10 535 612)
	11 842 654	**6 571 583**

Figures in Rand	2018	2017 Restated*

24. Service charges

Sale of electricity	562 390 073	500 490 814
Sale of water	273 949 847	221 881 476
Sewerage and sanitation charges	37 848 632	45 810 426
Refuse removal	53 920 061	53 121 698
	928 108 613	**821 304 414**

25. Rental of facilities and equipment

Rental of buildings	272 674	377 196
Rental of equipment	207 376	200 373
Rental of facilities	172 395	390 850
Rental of land	3 380	82 712
	655 825	**1 051 131**

26. Investment revenue

Interest revenue		
Bank	5 047 948	7 872 932

27. Income from agency services

Agency income for collection of licences	21 545 735	20 033 199

The municipality has an arrangement with the Department of Transport in which it collects licence fees on behalf of the department and receives an agreed fee for the service provided.

Notes to the Financial Statements

Figures in Rand	2018	2017 Restated*
28. Other income		
Administration fees	3 921 824	4 760 436
Advertising	299 708	27 249
Bins sold	18 119	227 908
Building plan fees	3 829 849	1 796 162
Burial fees	1 457 173	985 091
Business hives	-	249 243
Clearance certificates	501 232	402 023
Commission earned	223 743	229 750
Connection fees	796	2 038 360
Consent use revenue	23 764	13 635
Copies income	368 120	335 671
Dividends received	25 372	41 039
Effluent income	-	1 749 011
Entrance fees	23 445	2 017
Farming income	19 639	287 693
Gymnasium fees	182 661	77 426
Insurance claims	5 148 047	4 103 401
Internet and fax income	-	19 764
Landfill site income	36 188	55 768
Membership fees	1 254	1 274
Social responsibility income	12 478	294 295
Recovery monies	3 476	95 366
Staff parking	1 816	9 076
Sundry surpluses	6 501	68 260
Surplus on disposal of stands	1 189 800	-
Tender documents	1 336 690	761 800
Town planning	11 805	132 150
	18 643 500	**18 763 868**

Figures in Rand	2018	2017 Restated*

29. Property rates

Rates received

Assessment rates	218 982 680	210 987 808
Less: Income forgone (rebates)	(20 371 489)	(45 917 601)
	198 611 191	**165 070 207**

Valuations R'000

Agricultural	2 021 208	2 363 356
Business and commercial	9 985 307	3 758 062
Government	729 777	477 669
Residential	10 915 959	11 184 612
Vacant land	114 169	139 986
	23 766 420	**17 923 685**

Valuations on land and buildings are performed every 4 years. The last general valuations came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate as approved for in the Property Rates Policy is applied to property valuations to determine assessment rates.Rebates are granted to certain property owners in accordance with the Property Rates Policy.

Rates are calculated on an annual basis, levied monthly and are payable by the 7th day of the following month. Interest as determined by Council is levied on outstanding rates.

The new general valuation will be implemented on 01 July 2019.

30. Government grants and subsidies

Operating grants

Equitable Share	239 112 000	178 749 600
Municipal Infrastructure Grant	4 226 224	3 982 656
Finance Management Grant	3 100 000	2 950 000
Municipal Demarcation Transition Grant	4 566 000	9 979 936
Gauteng Department of Sports, Recreation, Arts and Culture Grant	19 249 647	11 227 282
Leanership Grant	-	711 734
Skills Development Grant	1 725 402	1 809 902
Expanded Public Works Programme	3 673 000	3 509 229
Gauteng Department of Corporative Governance Grant	12 000 000	13 748 545
Aids District Programme	2 227 742	2 295 680
Infrastructure Skills Development Grant	-	3 300 000
	289 880 015	**232 264 564**

Capital grants

Municipal Infrastructure Grant	83 453 100	76 093 020
Municipal Water Infrastructure Grant	35 000 000	30 000 000
Gauteng Department of Corporative Governance Grant	-	16 087 455
Integrated National Electrification Programme	12 000 000	22 788 914
Gauteng Department of Human Settlements Grant	91 742 441	83 504 991
Gauteng Department of Social Development Grant	-	1 113 347
Gauteng Department of Sports, Recreation, Arts and Culture Grant	2 076 041	6 779 430
	224 271 582	**236 367 157**
	514 151 597	**468 631 721**

Figures in Rand	2018	2017 Restated*

30. Government grants and subsidies (continued)

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents received a subsidy of 100% rebate on property rates and taxes, 100% rebate on refuse and sewer tariffs, 100kW electricity and 10Kl water.

Municipal Infrastructure Grant

Balance unspent at beginning of year	7 422 324	-
Current-year receipts	80 948 000	87 498 000
Conditions met - transferred to operating revenue	(4 226 224)	(3 982 656)
Conditions met - transferred to capital revenue	(83 453 100)	(76 093 020)
Refunded to National treasury	(691 000)	-
	-	**7 422 324**

The purpose of the grant is to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprise and social institutions servicing poor communities.

Finance Management Grant

Current-year receipts	3 100 000	2 950 000
Conditions met - transferred to revenue	(3 100 000)	(2 950 000)
	-	**-**

The purpose of this grant is to promote and support reforms in financial management by building capacity in the municipality to implement the municipal finance management act (MFMA).

Municipal Demarcation Transition Grant

Balance unspent at beginning of year	-	4 151 936
Current-year receipts	4 566 000	5 828 000
Conditions met - transferred to revenue	(4 566 000)	(9 979 936)
	-	**-**

The purpose of this grant is to finance expenditure in relation to the merger of Randfontein and Westonaria Local Municipalities.

Gauteng Department of Sports, Recreation, Arts and Culture Grant

Balance unspent at beginning of year	865 688	11 272 400
Current-year receipts	20 160 000	7 600 000
Conditions met - transferred to operating revenue	(18 949 647)	(11 227 282)
Conditions met - transferred to capital revenue	(2 076 041)	(6 779 430)
	-	**865 688**

The purpose of the grant is to support the municipality with the administration of libraries.

Figures in Rand	2018	2017 Restated*

30. Government grants and subsidies (continued)

Leanership Grant

Current-year receipts	-	711 734
Conditions met - transferred to revenue	-	(711 734)
	-	**-**

The purpose of the grant is to assist with implementing the learning programme.

Skills Development Grant

Current-year receipts	1 725 402	1 809 902
Conditions met - transferred to revenue	(1 725 402)	(1 809 902)
	-	**-**

The purpose of the grant is to provide skills development within the municipality.

Expanded Public Works Programme

Balance unspent at beginning of year	-	582 229
Current-year receipts	3 673 000	2 927 000
Conditions met - transferred to revenue	(3 673 000)	(3 509 229)
	-	**-**

The purpose of the grant is to provide expanded public works programme funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Gauteng Department of Corporative Governance Grant

Current-year receipts	12 000 000	29 836 000
Conditions met - transferred to operating revenue	(12 000 000)	(13 748 545)
Conditions met - transferred to capital revenue	-	(16 087 455)
	-	**-**

The purpose of this grants is to assist the municipality to perform its functions and stabilize institutional and governance systems as required in the Municipal Systems Act and related legislation.

Aids District Programme

Current-year receipts	2 351 488	2 295 680
Conditions met - transferred to revenue	(2 227 742)	(2 295 680)
	123 746	**-**

Conditions still to be met - remain liabilities (see note 18).

The purpose of the grant is to enhance awareness programmes offered communities to prevent and mitigate the impact of HIV/Aids.

Figures in Rand	2018	2017 Restated*

30. Government grants and subsidies (continued)

Municipal Water Infrastructure Grant

Current-year receipts	35 000 000	30 000 000
Conditions met - transferred to revenue	(35 000 000)	(30 000 000)
	-	**-**

The purpose of this grant is to supplement the gaps, and focusing on functionality of water infrastructure.

Integrated National Electrification Programme

Balance unspent at beginning of year	-	5 788 914
Current-year receipts	12 000 000	17 000 000
Conditions met - transferred to revenue	(12 000 000)	(22 788 914)
	-	**-**

The purpose of this grant is to address the electrification backlog of permanently occupied residential dwellings.

Gauteng Department of Human Settlements Grant

Balance unspent at beginning of year	25 143 709	31 248 700
Current-year receipts	15 686 250	77 400 000
Amount not yet transferred by Gauteng Department of Human Settlements	55 413 750	-
Conditions met - transferred to revenue	(91 742 441)	(83 504 991)
	4 501 268	**25 143 709**

Conditions still to be met - remain liabilities (see note 18).

The purpose of this grant is to provide funding for the creation of sustainable human settlements.

Infrastructure Skills Development Grant

Current-year receipts	-	3 300 000
Conditions met - transferred to revenue	-	(3 300 000)
	-	**-**

The purpose of this grant is for the infrastructure skills development.

Gauteng Department of Social Development Grant

Balance unspent at beginning of year	8 462 946	9 576 293
Conditions met - transferred to revenue	-	(1 113 347)
	8 462 946	**8 462 946**

Conditions still to be met - remain liabilities (see note 18).

The purpose of the grant is to promote social development within the communities.

Figures in Rand	2018	2017 Restated*

30. Government grants and subsidies (continued)

Public Contribution

Balance unspent at beginning of year	3 990 216	3 990 216

Conditions still to be met - remain liabilities (see note 18).

The purpose of the public contribution is to assist in minimising infrastructure backlogs.

31. Public contributions and donations

Property, plant and equipment	25 874 442	28 325 731
Investment property	11 817 000	-
	37 691 442	**28 325 731**

32. Fines

Traffic fines	11 560 976	14 100 736
Consumer fines	590 796	1 967 029
Lost books fines	-	776
	12 151 772	**16 068 541**

Figures in Rand	2018	2017 Restated*

33. Employee related costs

Acting allowances	684 278	488 046
Basic	317 851 896	263 014 914
Bonus (13th cheque)	20 665 077	22 150 408
Cellphone allowances	5 995 547	1 237 313
Defined contribution plans	55 982 579	41 754 396
Group insurance	139 464	1 685 320
Housing benefits and allowances	5 697 245	3 077 588
Leave pay	34 150 042	4 441 042
Medical aid - company contributions	36 583 093	33 346 940
Overtime payments	23 313 053	17 457 824
Performance bonuses	1 410 152	4 229 243
SDL	4 327 403	4 165 391
Standby allowances	2 645 369	1 894 828
Sundry allowances	2 818 039	1 413 838
Travel allowances	20 075 245	18 221 178
UIF	2 333 210	1 986 027
	534 671 692	**420 564 296**

Included in the above employee costs is the remuneration of the Municipal Manager and Executive Managers reporting directly to the Municipal Manager (Section 56 managers) which are detailed below.

Remuneration of Municipal Manager: Mr. T. Goba

Annual Remuneration	1 377 486	755 165
Travel allowance	120 000	103 660
Bonus	-	108 758
Leave paid	-	197 087
Cellphone allowance	18 000	-
Contributions to UIF and bargaining council	13 140	11 379
	1 528 626	**1 176 049**

The Municipal Manager was appointed on 01 June 2017.

In the prior financial period, Mr T.C. Ndlovu was appointed on 04 August 2016 and resigned on 05 February 2017. His total remuneration paid was R1 080 965. Ms T.M.M Matshego was appointed acting Municipal Manager from 06 February 2017 to 31 May 2017 and was paid an acting allowance of R 65 242. Mr. T. Goba received a total remuneration of R 95 084 for the month of June 2017.

Remuneration of Chief Financial Officer: Ms. B. Gungisa

Annual Remuneration	1 082 649	659 095
Travel allowance	145 718	153 000
Bonus	-	102 957
Acting allowance	-	93 002
Leave paid	-	120 735
Cellphone allowance	18 000	-
Contributions to UIF and bargaining council	12 248	11 539
	1 258 615	**1 140 328**

The Chief Financial Officer was appointed on 01 July 2017.

In the prior financial period, Mr. V.B. Mkhefa was appointed on 04 August 2016 to 30 April 2017. His total remuneration paid was R 1 047 326. Ms N. Madonsela was appointed acting Chief Financial Officer from 01 April 2017 to 30 June 2017 was paid an acting allowance of R 93 002.

Figures in Rand	2018	2017 Restated*

33. Employee related costs (continued)

Remuneration of Chief Operating Officer: Mr. L. Steyn

Annual Remuneration	1 091 254	1 080 200
Travel allowance	149 516	151 355
Performance Bonuses	94 787	-
Leave paid	246 480	242 646
Cellphone allowance	18 000	-
Contributions to UIF and bargaining council	14 872	13 548
	1 614 909	**1 487 749**

The Chief Operating Officer was appointed on 04 August 2016.

Remuneration of Executive Infrastructure Services: Mr. B. Nkambule

Annual Remuneration	998 566	986 973
Travel allowance	248 817	244 582
Performance Bonuses	94 787	-
Leave paid	31 650	26 375
Cellphone allowance	18 000	-
Contributions to UIF and bargaining council	13 743	12 317
	1 405 563	**1 270 247**

The above Executive Manager was appointed on 04 August 2016.

Remuneration of Executive Manager Corporate Support Services: Mr. L.M. Nkele

Annual Remuneration	870 684	570 552
Travel allowance	72 000	144 000
Acting allowance	127 649	85 099
Leave paid	-	78 619
Cellphone allowance	13 500	-
Contributions to UIF and bargaining council	8 120	38 148
	1 091 953	**916 418**

During the current financial year, Ms. L Pakiri was acting Executive Manager Corporate Support Services from 01 July to 30 September 2017 and received an acting allowance of R 127 649. Mr. L.M. Nkele was appointed on 01 October 2017 and paid a total remuneration of R 964 304.

In the prior financial period, Ms. T. Morolo was appointed on 04 August 2016 to 30 April 2017 and received a total remuneration package of R 831 319. Ms. L. Pakiri was appointed acting Executive Manager Corporate Support Services and received an acting allowance of R 85 099.

Figures in Rand	2018	2017 Restated*

33. Employee related costs (continued)

Remuneration of Executive Manager Community Services: Ms. L.A. Modiba

Annual Remuneration	1 043 994	968 370
Travel allowance	88 000	263 185
Acting allowance	31 630	65 242
Leave paid	-	158 248
Cellphone allowance	16 500	-
Contributions to UIF and bargaining council	11 399	14 057
	1 191 523	**1 469 102**

During the current financial year, Ms. T.M Ramatlhape was acting Executive Manager Community Services from 01 July to 31 July 2017 and received an acting allowance of R 31 630. Ms L.A. Modiba was appointed on 01 August 2017 and paid a total remuneration of R 1 159 893.

In the prior financial period, Ms. T.M.M. Matshego was appointed on 04 August 2016 to 30 June 2017 and received a total remuneration package of R 1 469 102.

Remuneration of Executive Manager Development and Planning: Mr. M.G. Sitei

Annual Remuneration	731 690	778 296
Travel allowance	141 076	216 971
Acting allowance	134 885	89 923
Leave paid	-	242 646
Cellphone allowance	13 500	-
Contributions to UIF and bargaining council	7 810	11 265
	1 028 961	**1 339 101**

During the current financial year, Mr. V Hadebe was acting Executive Manager Development and Planning from 01 July to 30 September 2017 and received an acting allowance of R 134 885. Mr. M.G. Sitei was appointed on 01 October 2017 and received a total remuneration of R 894 076.

In the prior financial period, Mr J.T. Moloi was appointed on 04 August 2016 to 30 April 2017 and received a total remuneration package of R 1 249 178. Mr. V Hadebe was appointed acting Executive Manager Development and Planning and received an acting allowance of R 89 923.

Remuneration of the Chief of Staff: Mr. C.H. Stoffels

Annual Remuneration	1 032 551	741 088
Travel allowance	140 010	128 343
Leave paid	-	95 933
Cellphone allowance	9 000	-
Contributions to UIF, Medical and Pension Funds	11 633	9 397
	1 193 194	**974 761**

The Chief of Staff was appointed on 04 August 2016.

Figures in Rand	2018	2017 Restated*

34. Remuneration of councillors

Councillors	26 355 498	21 369 653

The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

01 July 2017 to 30 June 2018	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. M.E. Khumalo (Executive mayor)	04 August 2016	619 812	206 604	44 400	870 816
Cllr. V. Nqina-Mzondeki (Speaker)	04 August 2016	496 602	165 276	44 400	706 278
Cllr. M. Jokazi (Council whip)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. J. Legoete (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. A. Gela (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. D. Molebatsi (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. T. Grobler (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. S. Matakane (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. S. Mazibuko (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. S. Moumakwe (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. N. Dyase (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. D. Sithole (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. G. Khoza (MMC)	04 August 2016	464 868	154 944	44 400	664 212
Cllr. A. Mosina (MPAC Chairperson)	04 August 2016	451 224	150 408	44 400	646 032
Cllr. B. Matebesi	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Mtyotywa	04 August 2016	196 152	65 376	44 400	305 928
Cllr. D. Machaba	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Ndamane	04 August 2016	196 152	65 376	44 400	305 928
Cllr. K. Tsotetsi	04 August 2016	196 152	65 376	44 400	305 928
Cllr. N. Mapena-Dlamini	04 August 2016	196 152	65 376	44 400	305 928
Cllr. D. Mbulula	04 August 2016	196 152	65 376	44 400	305 928
Cllr. T. Tlholoe	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Sello	04 August 2016	196 152	65 376	44 400	305 928
Cllr. F. Matshogo	04 August 2016	196 152	65 376	44 400	305 928
Cllr. P. Faku	04 August 2016	196 152	65 376	44 400	305 928
Cllr. N. Matiwane	04 August 2016	196 152	65 376	44 400	305 928
Cllr. A. Saba	04 August 2016	196 152	65 376	44 400	305 928
Cllr. W. Matshaya	04 August 2016	196 152	65 376	44 400	305 928
Cllr. W. Njani	04 August 2016	196 152	65 376	44 400	305 928
Cllr. N. Kolo	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Ngamntwini	04 August 2016	196 152	65 376	44 400	305 928
Cllr. S. Khenene	04 August 2016	196 152	65 376	44 400	305 928
Cllr. I. Merabe	04 August 2016	196 152	65 376	44 400	305 928
Cllr. N. Ncele	04 August 2016	196 152	65 376	44 400	305 928
Cllr. N. Baza	04 August 2016	196 152	65 376	44 400	305 928
Cllr. A. Van Tonder	04 August 2016	196 152	65 376	44 400	305 928
Cllr. S. Erasmus	04 August 2016	196 152	65 376	44 400	305 928
Cllr. E. De Lange	04 August 2016	196 152	65 376	44 400	305 928
Cllr. C. Harrison	04 August 2016	196 152	65 376	44 400	305 928
Cllr. J. Beaufort	04 August 2016	196 152	65 376	44 400	305 928
Cllr. P. Dick	04 August 2016	196 152	65 376	44 400	305 928
Cllr. G. Samson	04 August 2016	196 152	65 376	44 400	305 928
Cllr. I. Ramphore	04 August 2016	196 152	65 376	44 400	305 928
Cllr. B. Mahuma	04 August 2016	196 152	65 376	44 400	305 928
Cllr. G. Kruger	04 August 2016	196 152	65 376	44 400	305 928
Cllr. E. Krog	04 August 2016	196 152	65 376	44 400	305 928
Cllr. H. Hild	04 August 2016	196 152	65 376	44 400	305 928
Cllr. D. Cloete	04 August 2016	196 152	65 376	44 400	305 928
Cllr. N. Williams	04 August 2016	196 152	65 376	44 400	305 928
Cllr. P. Mavuso	04 August 2016	196 152	65 376	44 400	305 928

Figures in Rand				2018	2017 Restated*

34. Remuneration of councillors (continued)

Cllr. P. Francis	04 August 2016	196 152	65 376	44 400	305 928
Cllr. S. Sekhokho	04 August 2016	196 152	65 376	44 400	305 928
Cllr. J. Biyela	04 August 2016	196 152	65 376	44 400	305 928
Cllr. F. Bergman	04 August 2016	196 152	65 376	44 400	305 928
Cllr. R. Masemola	04 August 2016	196 152	65 376	44 400	305 928
Cllr. B. Munyai	04 August 2016	196 152	65 376	44 400	305 928
Cllr. A. Zingela	04 August 2016	196 152	65 376	44 400	305 928
Cllr. J. Matebesi	04 August 2016	196 152	65 376	44 400	305 928
Cllr. B. Ramaphala	04 August 2016	196 152	65 376	44 400	305 928
Cllr. B. Letlhake	04 August 2016	196 152	65 376	44 400	305 928
Cllr. J. Letsholo	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Sethepo	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Mthimkhulu	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Nkoe	04 August 2016	196 152	65 376	44 400	305 928
Cllr. M. Chabane	04 August 2016	196 152	65 376	44 400	305 928
Cllr. C. Brough	04 August 2016	196 152	65 376	44 400	305 928
Cllr. Sityebi	04 August 2016	196 152	65 376	44 400	305 928
Cllr. J. Letlhake	01 April 2017	196 152	65 376	44 400	305 928
Cllr. M. Ramotlhale	01 June 2017	196 152	65 376	44 400	305 928
		17 469 546	**5 822 352**	**3 063 600**	**26 355 498**

04 August 2016 to 30 June 2017	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. M.E. Khumalo (Executive mayor)	04 August 2016	541 104	180 368	30 918	752 390
Cllr. V. Nqina-Mzondeki (Speaker)	04 August 2016	421 724	147 695	27 161	596 580
Cllr. M. Jokazi (Council whip)	04 August 2016	401 642	133 880	23 561	559 083
Cllr. J. Legoete (MMC)	04 August 2016	390 965	133 890	24 661	549 516
Cllr. A. Gela (MMC)	04 August 2016	390 964	130 320	23 561	544 845
Cllr. D. Molebatsi (MMC)	04 August 2016	390 964	130 319	23 561	544 844
Cllr. T. Grobler (MMC)	04 August 2016	389 378	133 890	24 661	547 929
Cllr. S. Matakane (MMC)	04 August 2016	390 965	133 890	24 661	549 516
Cllr. S. Mazibuko (MMC)	04 August 2016	390 964	130 319	23 561	544 844
Cllr. S. Moumakwe (MMC)	04 August 2016	390 965	130 320	23 561	544 846
Cllr. N. Dyase (MMC)	04 August 2016	390 965	130 320	23 561	544 846
Cllr. D. Sithole (MMC)	04 August 2016	390 964	130 320	23 561	544 845
Cllr. G. Khoza (MMC)	04 August 2016	390 964	130 320	23 561	544 845
Cllr. A. Mosina (MPAC Chairperson)	04 August 2016	379 578	126 949	23 561	530 088
Cllr. B. Matebesi	04 August 2016	170 225	56 738	24 661	251 624
Cllr. M. Mtyotywa	04 August 2016	170 225	56 738	24 661	251 624
Cllr. D. Machaba	04 August 2016	165 153	55 048	23 561	243 762
Cllr. M. Ndamane	04 August 2016	165 153	55 048	23 561	243 762
Cllr. K. Tsotetsi	04 August 2016	165 153	55 048	23 561	243 762
Cllr. N. Mapena-Dlamini	04 August 2016	170 225	56 738	24 661	251 624
Cllr. D. Mbulula	04 August 2016	165 153	55 048	23 561	243 762
Cllr. T. Tlholoe	04 August 2016	165 153	55 048	23 561	243 762
Cllr. M. Sello	04 August 2016	170 225	56 738	24 661	251 624
Cllr. F. Matshogo	04 August 2016	168 551	59 012	24 661	252 224
Cllr. P. Faku	04 August 2016	170 225	56 738	24 661	251 624
Cllr. N. Matiwane	04 August 2016	165 153	55 048	23 561	243 762
Cllr. A. Saba	04 August 2016	165 153	55 048	23 561	243 762
Cllr. W. Matshaya	04 August 2016	165 153	57 918	23 561	246 632
Cllr. W. Njani	04 August 2016	165 153	55 048	23 561	243 762
Cllr. N. Kolo	04 August 2016	165 153	55 048	23 561	243 762
Cllr. M. Ngamntwini	04 August 2016	165 153	55 048	23 561	243 762
Cllr. S. Khenene	04 August 2016	175 318	55 048	23 561	253 927
Cllr. I. Merabe	04 August 2016	165 153	55 048	23 561	243 762
Cllr. N. Ncele	04 August 2016	165 153	55 048	23 561	243 762

Figures in Rand				2018	2017 Restated*

34. Remuneration of councillors (continued)

Cllr. N. Baza	04 August 2016	165 153	55 048	23 561	243 762
Cllr. A. Van Tonder	04 August 2016	170 225	56 738	24 661	251 624
Cllr. S. Erasmus	04 August 2016	170 225	56 738	24 661	251 624
Cllr. E. De Lange	04 August 2016	170 226	56 738	24 661	251 625
Cllr. C. Harrison	04 August 2016	170 225	56 738	24 661	251 624
Cllr. J. Beaufort	04 August 2016	170 226	56 738	24 661	251 625
Cllr. P. Dick	04 August 2016	170 226	56 738	24 661	251 625
Cllr. G. Samson	04 August 2016	154 630	51 540	22 327	228 497
Cllr. I. Ramphore	04 August 2016	165 153	55 048	23 561	243 762
Cllr. B. Mahuma	04 August 2016	162 453	59 420	24 661	246 534
Cllr. G. Kruger	04 August 2016	170 225	56 738	24 661	251 624
Cllr. E. Krog	04 August 2016	165 153	55 048	23 561	243 762
Cllr. H. Hild	04 August 2016	178 515	55 048	23 561	257 124
Cllr. D. Cloete	04 August 2016	170 226	56 738	24 661	251 625
Cllr. N. Williams	04 August 2016	165 153	55 048	23 561	243 762
Cllr. P. Mavuso	04 August 2016	165 153	55 048	23 561	243 762
Cllr. P. Francis	04 August 2016	170 225	56 738	24 661	251 624
Cllr. S. Sekhokho	04 August 2016	165 153	55 048	23 561	243 762
Cllr. J. Biyela	04 August 2016	165 153	55 048	23 561	243 762
Cllr. F. Bergman	04 August 2016	165 153	55 048	23 561	243 762
Cllr. R. Masemola	04 August 2016	165 153	55 048	23 561	243 762
Cllr. B. Munyai	04 August 2016	165 153	55 048	23 561	243 762
Cllr. A. Zingela	04 August 2016	165 153	55 048	23 561	243 762
Cllr. J. Matebesi	04 August 2016	165 153	55 048	23 561	243 762
Cllr. B. Ramaphala	04 August 2016	165 153	55 048	23 561	243 762
Cllr. A. Thekiso	04 August 2016	149 732	49 908	21 361	221 001
Cllr. B. Letlhake	04 August 2016	165 153	55 048	23 561	243 762
Cllr. J. Letsholo	04 August 2016	165 153	55 048	23 561	243 762
Cllr. M. Sethepo	04 August 2016	165 153	55 048	23 561	243 762
Cllr. M. Mthimkhulu	04 August 2016	165 153	55 048	23 561	243 762
Cllr. M. Nkoe	04 August 2016	165 153	55 048	23 561	243 762
Cllr. M. Chabane	04 August 2016	165 153	55 048	23 561	243 762
Cllr. C. Brough	04 August 2016	154 630	51 540	22 327	228 497
Cllr. Sityebi	04 August 2016	154 630	51 540	22 327	228 497
Cllr. P. De Jager	04 August 2016	88 048	29 348	12 561	129 957
Cllr. J. Letlhake	01 April 2017	46 263	20 560	8 800	75 623
Cllr. M. Ramotlhale	01 June 2017	15 421	5 140	2 200	22 761
		14 768 347	**4 949 642**	**1 651 664**	**21 369 653**

In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has two full-time bodyguards and the Speaker has one full-time bodyguard.

35. Depreciation and amortisation

Property, plant and equipment	185 883 442	148 145 703
Intangible assets	1 521 651	1 770 884
	187 405 093	**149 916 587**

Figures in Rand	2018	2017 Restated*

36. Impairment loss of assets

Impairments

Property, plant and equipment	13 803 798	62 297 002

Impairments loss was mainly due to the Municipal Toekomsrus offices that were burnt during the financial period.

37. Finance costs

Trade and other payables	22 481 780	24 028 642
Finance leases	566 176	1 224 052
Current borrowings	687 107	1 348 007
Interest due to discounting of receivables	12 350 764	14 127 456
Interest cost on employee benefit obligations	14 408 732	17 018 940
Interest cost on landfill site provision	10 907 187	8 216 384
	61 401 746	**65 963 481**

38. Debt impairment

Contributions from receivables from exchange transactions	143 073 280	32 973 268
Contributions from long term receivables	(1 020 795)	(5 817 605)
Contributions from receivables from non exchange transactions	19 109 404	45 370 385
	161 161 889	**72 526 048**

39. Assets derecognised

Investment property	-	2 790 285
Property, plant and equipment	31 552 005	6 978 030
	31 552 005	**9 768 315**

Property, plant and equipment assets derecognised were assets that could not be located during physical verification and have been removed from the Municipality's asset register.

40. Bulk purchases

Electricity	472 317 090	383 913 110
Water	211 636 662	173 108 991
	683 953 752	**557 022 101**

41. Contracted services

Credit cost control	912 780	7 365 174
Prepaid vending costs	28 155 983	14 350 089
Security Services	23 365 995	18 260 145
Water purification contract	814 730	1 441 395
	53 249 488	**41 416 803**

42. Grants and subsidies paid

SPCA Grant	1 590 000	1 500 000

Figures in Rand	2018	2017 Restated*
43. General expenses		
Advertising and communication	620 767	889 194
Arbitration costs	-	81 830
Audit committee costs	423 680	497 941
Auditors remuneration	9 671 643	13 035 951
Bank charges	5 993 081	4 185 956
Burial expenses	392 369	279 431
Bursary expenses	3 768 917	4 376 935
Cleaning	271 105	592 128
Commission paid and discounts allowed	95	211 939
Conferences and seminars	-	230 212
Consulting and professional fees	26 028 392	23 335 004
Consumables	4 961 396	629 473
Expanded public works programme	-	4 538
Farming	1 081 517	439 902
Fuel and oil	9 142 919	8 903 495
IT expenses	5 170 162	2 835 550
Insurance	3 022 005	3 087 750
Library programs	1 217 696	513 276
Motor vehicle expenses	1 574 105	8 269 638
Municipal demarcation transition expenses	1 386 539	7 600 260
Municipal events and improvements	9 113 558	5 355 330
Municipal service charges	4 609 455	4 078 748
Municipal systems improvement grant expenses	-	1 106 356
Occupational health	104 082	252 692
Performance management system	1 438 466	1 500 000
Postage and courier	1 695 736	1 887 745
Printing and stationery	464 820	1 420 554
Refreshments	-	22 655
Refuse	284 900	207 331
Rental expenses	9 100 329	5 496 810
Repairs and maintenance	63 294 893	31 671 615
Subscriptions and membership fees	5 138 951	3 410 278
Telephone and fax	3 002 313	3 307 943
Traffic control expenses	614	387 691
Training	1 904 421	1 738 558
Travel and subsistence	170 496	20 486
Uniforms	1 742 739	2 895 928
Valuation expenses	716 336	229 441
Water research levy	4 599 402	1 313 805
	182 107 899	**146 304 369**
44. Fair value adjustments		
Investment property	8 760 512	8 852 631
Biological assets	(14 480)	(32 942)
	8 746 032	**8 819 689**

Figures in Rand	2018	2017 Restated*
45. Cash generated from operations		
(Deficit) surplus	(154 398 766)	26 487 991
Adjustments for:		
Depreciation and amortisation	187 405 093	149 916 587
Fair value adjustments	(8 746 032)	(8 819 689)
Public contributions and donations	(37 691 442)	(28 325 731)
Impairment loss	13 803 798	62 297 002
Debt impairment	161 161 889	72 526 048
Movements in retirement benefit assets and liabilities	14 356 467	15 185 434
Movements in provisions	12 135 817	9 529 373
Assets derecognised	31 552 005	9 768 315
Changes in working capital:		
Inventories	(1 043 370)	959 018
Receivables from exchange transactions	(108 717 932)	(133 014 100)
Receivables from non-exchange transactions	(69 152 254)	(12 323 633)
Prepayments	(180 940)	(411 242)
Payables from exchange transactions	100 682 195	166 618 425
VAT	10 161 710	(26 004 000)
Payables from non-exchange transactions	21 830 704	1 166 159
Unspent conditional grants and receipts	(28 806 707)	(20 725 805)
Consumer deposits	18 698 686	2 784 448
	163 050 921	**287 614 600**

46. Commitments

Already contracted for but not yet spent

• Capital expenditure	191 762 708	137 463 793
• Operating expenditure	18 334 782	100 209 283
	210 097 490	**237 673 076**

This committed expenditure relates to capital and operating expenditure and will be financed by grants and internally generated funds.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. Contingent rent is payable based on quantity of papers printed on the rental of printers contract.

Figures in Rand	2018	2017 Restated*

47. Contingencies

Contingent liabilities

Claim by Mr Grobler against the municipality for eviction application	6 500 000	6 500 000
Claim by N.B. Ngova for personal injuries sustained due to an uncovered hole	2 460 000	2 460 000
Claim by L.N. Khwaphuna over injuries sustained due to falling into an uncovered manhole	2 460 000	2 460 000
Claim by Pipe Jack for services rendered	2 394 103	2 394 103
Claim by Van Greunen Ann Marie for damages and loss of income due to negligence that caused the death of her husband.	1 698 928	1 698 928
Claim by Enzani Technologies for services rendered	1 597 226	1 597 226
Claim by Maureen Sila as a result of failure to have covered/repaired an open manhole that she fell into	773 000	773 000
Claim by Advidatta trading for economic loss and misrepresentation	500 000	700 000
Claim by Aranda Textile for loss of income due to power outages	612 513	612 513
Claim by L.M. Zibula for injuries sustained due to falling into an open drain	450 000	600 000
Claim by Thembakazi Buso as a result of failure to have covered/repaired an open manhole that she fell into	550 000	550 000
Claim by Mahlaba Ramogohlo Welhemina as a result of failure to have covered/repaired an open manhole that she fell into	400 000	400 000
Claim by Mokoduo Incorporated for legal services rendered	399 595	399 595
Claim by Matlakala Martha Kgarudi as a result of failure to have covered/repaired an open manhole that she fell into	360 000	360 000
Claim Seshibe Makiletjie Gideon damages caused by an alleged assault by the traffic officer	300 000	300 000
Claim by Otilian Carlos as a result of falling into amanhole that the municipality failed to alert	250 000	250 000
Claim by L.C.M. Orton for unlawful/wrongful arrest	100 000	100 000
Claim by PPB Mosing for damages due to municipality's failure to clear a refuse dump	87 410	87 410
Claim by Christo Dekker as a result of failure to have covered an open manhole that he fell into	50 000	50 000
Claim by B. Munyai for unfair labour practice	50 000	50 000
Claim by N.M. Ndlovu for damages to the car due to council having failed to close or barricade a ditch	33 402	33 402
Claim by R J Panel beaters against the municipality for services rendered	31 831	31 831
Claim by Fluxrab investments for none payment of municipal services	-	6 474 376
Claim by employees due to differences in salary notches.	-	5 115 397
Claim by Marina Nolte for injuries sustained in June 2004	-	1 200 000
Claim by Ipeleng Magdelene Letsholo for an injury caused by an open manhole in Porges street	-	500 000
Claim by Syntell Pty Ltd	-	350 000
Claim by N. Mzayiya for damages due to injuries sustained caused by an uncovered manhole	-	300 000
Claim by Z.P. Ndaba for injuries sustained caused by an uncovered manhole	-	380 000
Claim by Thabo P Mthembu for damages for an unlawful arrest, damages to property and legal fees	-	237 000
Claim by L.L. Hlatswayo for damages caused by a pothole	-	223 250
Claim by Mokhele in respect of the interpretation of collective agreement	-	140 000
Claim by B. Mlawuli for unfair dismissal	-	108 000
Claim by Eugene’s packed spices for damages caused by a pothole	-	99 610
Claim by David Moeletsiagainst the municipality for car damages by the municipality's employee	-	95 340
Claim by C Heinz due to unfair labour practice	-	81 250
Claim by W. Ramanyai for a matter of unfair labour practice	-	53 292
Claim by K Opperman for damages caused by a pothole	-	40 053
Claim by T. Molefe for damages caused by a pothole	-	38 850
Claim by Maria Le Roux for damage due to potholes	-	35 754

Figures in Rand	2018	2017 Restated*
47. Contingencies (continued)		
Claim by Me Gladys Mahobane iro personal injury resulting from roads and storm water construction activities	-	34 300
Claim by O. Makgobe for damage caused by unfixed potholes	-	32 933
Claim by C.H. Barnard for damages caused by a pothole	-	32 275
Claim by A. Jansen Van Rensburg for claim against council due to unmarked speed humps	-	30 635
Claim by A. Havenga for damages caused by a pothole	-	28 210
Claim by M. Botha for damages caused by a pothole	-	26 009
Claim by H Kluyts for damages to a vehicle as a result of traffic signs that were not properly marked	-	25 606
	22 058 008	**38 090 148**

48. Related parties

Relationships	
Accounting Officer	Refer to note 33
Executive Mayor	Refer to note 33
Speaker	Refer to note 33
Council Whip	Refer to note 34
Councillors	Refer to note 34
Inter governmental relations	Refer to note 30
Members of key management	Refer to note 32
Employees and organisations in which they have a direct or indirect material interest	Refer to related party transactions below

Related party transactions

Purchases from / (sales to) related parties: Organisations in which councillors and/or employees have a direct or indirect material interest:		
Shumba Event Solutions CC	21 100	116 000
Ray Joe Funeral Palour	17 490	-
Andre Rossouw Motors	839	-
Lebelo La Mokoka trading and projects	-	13 350

For the above related parties, the transactions were within the normal course of business and there was only a balance of R 2 000 outstanding to Shumba Event Solutions CC as at 30 June 2018 (30 June 2017: Nil).

Councillors/Mayoral committee members

Refer to note 33 "Remuneration of councilors". The total amounts paid to councillors was R 26 355 498 (04 August 2016 to 30 June 2017: R 21 369 653).

Executive management

Refer to note 32 "Employee related costs". The total amount paid to municipal managers and executive managers was R 10 313 344 (04 August 2016 to 30 June 2017: R 8 798 994).

Figures in Rand	2018	2017 Restated*

49. Prior period errors

Investment property was decreased by R 35 502 606 due to property which was taken out of the register.

Property, Plant and Equipment was adjusted by R 237 755 736 due to assets that were previously not in the register.

Intangible assets were increased by R 1 524 695 due to ommited assets in the prior year.

Heritage assets was increased by 27719 due to reclassification.

Payables from exchange transactions were adjusted due to the following:

- Increased by R 752 203 due to invoices that were not captured relating to the previous financial year.

- Reduced by R 139 520 due to incorrect invoices relating to prior year that were reversed in the current financial year.

VAT payable was increased by R 92 102 due to expenditure invoices that were ommited.

Employee benefit obligation was decreased by R 47 223 204 due to the medical aid policy that was previously based on no cap instead of being capped.

Other income was increased by R 26 531 due to social resposibility income that was understated in prior year.

Depreciation and amortisation was increased by R 741 425 due to the adjustments in property, plant and equipment.

Repairs and maintenance amounting to R 30 612 478 was reclassified to General expenses.

General expenses was increased due to the reclassification of repairs and maintenance amounting to R 30 612 478 and accounting for invoices that were that incorrectly treated in the financial year amounting to R 1 601 357.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	**Balance as previously reported**	**Prior period error**	**Reclassification**	**Restated balance**
Investment property	256 280 371	(35 502 606)	-	220 777 765
Property, plant and equipment	3 537 145 384	237 755 736	-	3 774 901 120
Intangible assets	6 826 733	1 524 695	-	8 351 428
Heritage assets	4 256 512	27 719	-	4 284 231
Payables from exchange transactions	(546 993 924)	(610 462)	-	(547 604 386)
VAT payable	(69 646 019)	92 103	-	(69 553 916)
Employee benefit obligation	(200 399 427)	47 223 204	-	(153 176 223)
	2 987 469 630	**250 510 389**	**-**	**3 237 980 019**

Statement of Financial Performance	**Balance as previously reported**	**Prior period error**	**Reclassification**	**Restated balance**
Other income	(18 737 338)	(26 531)	-	(18 763 869)
Depreciation and amortisation	149 175 162	741 425	-	149 916 587
Repairs and maintenance	30 612 478	-	(30 612 478)	-
General expenses	114 090 533	1 601 357	30 612 478	146 304 368
	275 140 835	**2 316 251**	**-**	**277 457 086**

50. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments liquidity risk arises largely from the municipality's ability to fund assets and meet financial obligation. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	648 286 588	-	-	-	648 286 588
Payables from non exchange transactions	36 652 890	-	-	-	36 652 890
Unspent conditional grants and receipts	17 078 176	-	-	-	17 078 176
Consumer deposits	61 048 090	-	-	-	61 048 090
Borrowings	1 428 712	-	-	-	1 428 712
Finance leases	909 186	-	-	-	909 186
	765 403 642	**-**	**-**	**-**	**765 403 642**

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	547 604 386	-	-	-	547 604 386
Payables from non exchange transactions	14 822 186	-	-	-	14 822 186
Unspent conditional grants and receipts	45 884 883	-	-	-	45 884 883
Consumer deposits	42 349 404	-	-	-	42 349 404
Borrowings	4 888 520	1 428 712	-	-	6 317 232
Finance leases	9 139 884	909 186	-	-	10 049 070
	664 689 263	**2 337 898**	**-**	**-**	**667 027 161**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality is exposed to significant credit risk as its consumers are largely unemployed and are from low income households. Concentrations of credit risk are as per the financial instruments detailed below and for their credit quality refer to the various notes.The municipality decreases its exposure and concentration of credit risk by only depositing cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Cash and cash equivalents (Note 3)	43 051 043	127 942 966
Receivables from exchange transactions (Note 4)	148 708 606	185 196 279
Receivables from non exchange transactions (Note 5)	79 913 146	26 717 174
Long term receivables (Note 8)	2 356 996	2 697 261
Investments (Note 9)	12 957 188	12 231 316

Figures in Rand	2018	2017 Restated*

50. Risk management (continued)

Refer to the various notes for the aging of the financial instruments and any impairment losses recognised in the current financial year.

Investments have been pledged as security for borrowings with a carrying amount of R 1 428 712. Refer to note 21.

Market risk

The type of market risk that the municipality is exposed to is interest rate risk, this arises on interest-bearing financial instruments recognised in the statement of financial position. The Municipality manages this risk by fixing the interest rates on the loan. Refer to note 21 for information on borrowings.

51. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

52. Events after the reporting date

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year to the date of authorisation of these financial statements.

53. Unauthorised expenditure

Opening balance	554 912 697	370 054 261
Current financial year unauthorised expenditure: Employee related costs	40 398 824	-
Current financial year unauthorised expenditure: Depreciation and amortisation	14 781 093	-
Current financial year unauthorised expenditure: Impairment loss of assets	13 803 798	62 297 002
Current financial year unauthorised expenditure: Finance costs	53 522 704	61 021 671
Current financial year unauthorised expenditure: Debt impairment	97 497 597	51 771 448
Current financial year unauthorised expenditure: Assets derecognised	31 552 005	9 768 315
Current financial year unauthorised expenditure: Bulk purchases	42 156 927	-
Current financial year unauthorised expenditure: Contracted services	11 927 892	-
Current financial year unauthorised expenditure: General expenses	15 520 417	-
	876 073 954	**554 912 697**

The current financial year unauthorised expenditure was due to under budgeting for the expenditure line items listed above.

Action taken/ to be taken in respect of unauthorised expenditure

Management submitted all unauthorised expenditure incurred in prior periods to council for investigation. At 30 June 2018, all prior year unauthorised expenditure was being investigated by the Municipal Public Accounts Committee. Current financial year unauthorised expenditure will be reported to Council in the next financial year.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

Figures in Rand	2018	2017 Restated*

54. Fruitless and wasteful expenditure

Opening balance	116 031 873	61 452 267
Interest overdue creditors not previously reported: SARS	-	7 263 769
Interest overdue creditors: Eskom	9 770 046	20 098 058
Interest overdue creditors: Telkom SA Ltd	49 320	37 317
Interest overdue creditors: Otis	-	286
AL Maree Incorporated	-	11 533 260
Interest overdue creditors: Rand water	545 903	606 807
Interest overdue creditors: Tecroveer	-	86 326
Interest overdue creditors: SARS	-	3 663 406
Designs for the completion of Droogheuwel Bulk Water Supply	-	5 469 285
Quill Associates Pty Ltd	-	5 821 092
	126 397 142	**116 031 873**

The current financial year fruitless and wasteful expenditure was due to interests and penalties that were incurred due to cashflow challenges.

Action taken/ to be taken in respect of fruitless and wasteful expenditure

Management submitted all fruitless and wasteful expenditure incurred in prior periods to council for investigation. At 30 June 2018, all prior year fruitless and wasteful expenditure was being investigated by the Municipal Public Accounts Committee. Current financial year fruitless and wasteful expenditure will be reported to Council in the next financial year.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

Figures in Rand	2018	2017 Restated*

55. Irregular expenditure

Opening balance	576 643 965	392 524 112
Add: Irregular Expenditure - current year	127 586 586	184 119 853
Less: Amounts written off	(513 778 697)	-
	190 451 854	**576 643 965**

Analysis of irregular expenditure awaiting investigation

Non-Compliance with Section 62 of MFMA	4 351 707	8 346 398
Non-Compliance with section 13 SCM Regulations	108 209	298 171
Non-Compliance with Section 65 of MFMA	15 192 104	9 105 911
Non-Compliance with Section 17 SCM Regulations	-	21 411 846
Non-Compliance with section 20 SCM Regulations	21 675 636	322 746 096
Non-Compliance with section 29 SCM Regulations	116 685 295	132 727 450
Non-Compliance with section 30 SCM Regulations	-	45 086 293
Non-Compliance with section 32 SCM Regulations	-	10 001 981
Non-Compliance with section 38 SCM Regulations	-	2 512 465
Non-Compliance with section 36 SCM Regulations	22 423 577	12 929 195
Non-Compliance with section 22 SCM Regulations	495 743	1 029 773
Non-Compliance with section 19 SCM Regulations	4 705 007	4 909 846
Non-Compliance with section 5(1) of MSA	187 764	187 764
Non-Compliance with MFMA Regulation 116(3)(b)	4 626 812	5 350 776
	190 451 854	**576 643 965**

Action taken/ to be taken in respect of irregular expenditure

Management submitted all irregular expenditure incurred to council for investigation. At 30 June 2018, all prior year irregular expenditure was investigated by the Municipal Public Accounts Committee and an amount of R513778697 was written off.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	4 762 608	3 410 278
Amount paid - current year	(4 762 608)	(3 410 278)
	-	**-**

Figures in Rand	2018	2017 Restated*

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Material distribution losses

Electricity	99 423 320	70 720 061
Water	74 331 577	51 854 325
	173 754 897	**122 574 386**

Electricity distribution losses for the current financial year was 108,586,404 kilo watts (04 August 2016 to 30 June 2017: 60,965,570 kilowatts) which represents 21% (04 August 2016 to 30 June 2017: 13%) of total electricity purchased. These electricity distribution losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network and non-technical losses being theft, faults etc. Attempts are currently being made to reduce these non-technical losses.

Water distribution losses comprises of non-billed water, and for the current financial period was 8,475,135 kilo litres (04 August 2016 to 30 June 2017: 6,855,869 kilo litres) which represents 35% (04 August 2016 to 30 June 2017: 31%) of total water purchased. These water distribution losses cannot be accounted for mainly due to theft, faulty pipes, spillages etc.

See note 40 for the total electricity and water bulk purchases for the financial year.

Audit fees

Opening balance	519 959	-
Current year subscription / fee	9 671 588	13 035 951
Amount paid - current year	(9 530 235)	(12 515 992)
	661 312	**519 959**

PAYE and UIF

Opening balance	6 174 783	-
Current year subscription / fee	72 832 277	54 415 498
Amount paid - current year	(73 249 362)	(48 240 715)
	5 757 698	**6 174 783**

Pension and Medical Aid Deductions

Opening balance	9 660 542	-
Current year subscription / fee	127 223 120	100 390 592
Amount paid - current year	(125 755 107)	(90 730 050)
	11 128 555	**9 660 542**

VAT

VAT payable	79 715 622	69 553 916

VAT output payables and VAT input receivables are shown in note 17.

All VAT returns have been submitted by the due date throughout the year.

Figures in Rand	2018	2017 Restated*

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor. D. Mbulula	11 491	116 432	127 923
Councillor. N.S. Kolo	2 662	1 805	4 467
Councillor. M.Sethepo	2 864	7 992	10 856
Councillor. H.B. Munyai	3 181	12 045	15 226
Councillor. M. Jokazi	3 178	26 392	29 570
Councillor. B. Mahuma	2 093	3 177	5 270
Councillor. W. Matshaya	131	4 256	4 387
	25 600	**172 099**	**197 699**

30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor. D. Mbulula	70 855	91 336	162 191
Councillor. N. Soko	1 469	9 022	10 491
Councillor. M. Sethepo	1 428	18 649	20 077
Councillor. YI and A Legote	1 521	6 440	7 961
	75 273	**125 447**	**200 720**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2018	Highest outstanding amount
Councillor. D. Mbulula	127 923
Councillor. M. Jokazi	29 570
Councillor. H.B. Munyai	15 226
Councillor. M.Sethepo	10 856
Councillor. B. Mahuma	5 270
Councillor. N.S. Kolo	4 467
Councillor. W. Matshaya	4 387
	197 699

30 June 2017	Highest outstanding amount
Councillor. D. Mbulula	162 191
Councillor. M. Sethepo	20 077
Councillor. N. Soko	10 491
Councillor. YI and A Legote	7 961
	200 720

Figures in Rand	2018	2017 Restated*

56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been approved by the Accounting Officer.

Incident		
In terms of SCM regulations 36 (a)(i): In an emergency	-	1 000 499
In terms of SCM regulations 36 (a)(ii): Sole provider	-	240 116
In terms of SCM regulations 36 (a)(v): Impractical or impossible to follow procurement process	16 321 047	9 903 825
	16 321 047	**11 144 440**

57. Budget differences

Material differences between budget and actual amounts

All budget fluctuations above 10% in comparison to actual results for the financial period were considered material and are explained in the Statement of Comparison of Budget and Actual Amounts.

57.01 **Service charges** is below 10% variance threshold which is acceptable.

57.02 **Rental of facilities and equipment** was over budgeted for.

57.03 **Interest received - outstanding receivables** was slightly above budget due increase in the rate on non payment by consumers.

57.04 **Income from agency fees** was over budgeted for.

57.05 **Other income** was over budgeted for.

57.06 **Interest received - investment** realised more funds due to more money being invested in Investec and FNB call accounts before spending.

57.07 **Property rates** was over budgeted for.

57.08 **Government grants and subsidies** had a variance due to the unspent grants that were not recognised as revenue because the conditions of the grants had not been met and the withdrawal of a portion of the gazetted Municipal Infrastructure Grant.

57.09 **Public donations and contributions** was not budgeted for during the financial period.

57.10 **Fines** were over budgeted for, less traffic infringements were recorded during the current financial period.

57.11 **Employee related costs** realised a increase due to overtime and acturial valuations that were overspent.

57.12 **Remuneration of councillors** was within budget

57.13 **Depreciation and amortisation** has was under budgeted for and was reported as unauthorised expenditure and will be reported to council.

57.14 **Impairments loss of assets** was mainly due to the Municipal Toekomsrus offices that were burnt during the financial period. This was not budgeted for and was reported as unauthorised expenditure and will be reported to council.

Notes to the Financial Statements

Figures in Rand

57. Budget differences (continued)

57.15 **Finance costs** were under budgeted for due to the interest costs on employee benefit obligation which was not budgeted for and interest on creditors which the Municipality is not allowed to budget for, the excess was reported as fruitless and wasteful and unauthorised expenditure and will be reported to council.

57.16 **Debt impairment** was under budgeted for due to debtors written off during the financial period as per council approval. The overspending was reported as unauthorised expenditure and will be reported to council.

57.17 **Assets derecognised** was mainly due to the Municipality's assetsthat were derecognised. This was not budgeted for and was reported as unauthorised expenditure and will be reported to council.

57.18 **Repairs and maintenance** was within budget.

57.19 **Bulk purchases** was under budgeted.

57.20 **Contracted services** was more than budget due to higher prepaid vending and secutiry costs..

57.21 **Transfers and subsidies** has no variance.

57.22 **General expenses** are more than budgeted due to hire of refuse trucks not budgeted for and increased bank charges than anticopated as the municpality changed its primary banker.

57.23 **Fair value adjustments** was not budgeted for.

57.24 **Actuarial gains** was mainly increased due to the value of the Municipality's Employee benefit obligations valuations during the financial year which was not budgeted.

Unaudited Schedule of external loans as at 30 June 2018

	Loan Number	Redeemable	Balance at 30 June 2017	Received during the period	Redeemed written off during the period	Balance at 30 June 2018	Carrying Value of Property, Plant & Equip
			Rand	Rand	Rand	Rand	Rand
Development Bank of South Africa							
Development Bank of South Africa	61001399		3 987 890	-	2 559 178	1 428 712	-
			3 987 890	**-**	**2 559 178**	**1 428 712**	**-**
Standard Bank							
Standard bank	STD BANK	01/09/2017	1 429 615	-	1 429 615	-	-
			1 429 615	**-**	**1 429 615**	**-**	**-**
INCA West							
INCA West	01-0009		899 727	-	899 727	-	-
			899 727	**-**	**899 727**	**-**	**-**
Finance lease							
Fleet Africa	000348		9 629 954	-	8 850 077	779 877	583 759
Wesbank	LS-9/09/15		419 116	-	289 807	129 309	96 791
			10 049 070	**-**	**9 139 884**	**909 186**	**680 550**
Total external loans							
Development Bank of South Africa			3 987 890	-	2 559 178	1 428 712	-
Standard Bank			1 429 615	-	1 429 615	-	-
INCA West			899 727	-	899 727	-	-
Finance lease			10 049 070	-	9 139 884	909 186	680 550
			16 366 302	**-**	**14 028 404**	**2 337 898**	**680 550**